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IN THE SUPREME COURT OF THE UNITED STATES

October Term, 1999

No. _____

LAS VEGAS SPORTS NEWS, L.L.C.,
d/b/a LAS VEGAS SPORTING NEWS, *Petitioner*

v.

TIMES MIRROR MAGAZINES, INC., *Respondent*

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

The Federal Trademark Dilution Act of 1995 ("FTDA"), 15 U.S.C. § 1125(c), provides a cause of action to protect a select group of "famous" and "distinctive" trademarks. The statute provides broad remedies for "dilution of the distinctive quality of the mark" and Congress expressly directed that the statute be used selectively.

The FTDA was incorporated into the longstanding federal trademark infringement statute, 15 U.S.C. §§ 1051 *et. seq.* (the Lanham Act), which in essence bars the use of a mark that is likely to cause confusion as to source. In contrast, the FTDA does not require likelihood of confusion. A plaintiff under the FTDA need prove only that a mark is sufficiently "famous" and "distinctive" and that it "causes dilution of the distinctive quality of the mark."

The questions presented, which have generated substantial confusion and conflicts among the Circuit Courts of Appeals, are:

1. Whether a trademark not famous to the general public is "famous" for purposes of the FTDA by virtue of fame only in its own niche market, where the allegedly diluting mark is used in a separate, but "related" market;

2. Whether the FTDA's requirements that a trademark be "distinctive and famous" are tautological because "distinctive" has no meaning beyond "famous," and therefore even a descriptive trademark comprised of commonplace terms can be considered "distinctive" under the FTDA; and

3. Whether the FTDA provides relief without proof of actual dilution of a trademark, despite the statute's express language that the offending use is actionable only if it "causes dilution of the distinctive quality of the mark."

PARTIES TO THE PROCEEDINGS AND RULE 29.6 LISTING

The parties to this proceeding are those parties listed in the caption, plus Vulcan Print Media, Inc., which has acquired "The Sporting News" from Times Mirror Magazines, Inc. On July 25, 2000, Vulcan Print Media, Inc. was substituted for Times Mirror Magazines, Inc. as plaintiff in proceedings in the district court. Petitioner has no parent company or wholly-owned subsidiaries.

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TIMES MIRROR MAGAZINES, INC., RESPONDENT

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

Las Vegas Sports News, LLC, d/b/a Las Vegas Sporting News ("LVSN") respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Third Circuit in this case.

OPINIONS BELOW

The opinion of the Court of Appeals is reported as *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., d/b/a Las Vegas Sporting News,* 212 F.3d 157 (3d Cir. 2000). The Court of Appeals issued its opinion on April 28, 2000 (App. at 1a-45a) and an order amending its opinion on May 3, 2000 (App. at 46a-50a). (Only the reported version

of the opinion incorporates the Court's amendments into the text.) The opinion of the District Court is unreported and reproduced at App. 51a-68a.

JURISDICTION

The Court of Appeals entered its judgment on April 28, 2000. LVSN filed a Petition for Rehearing En Banc, which was denied on June 7, 2000 (Becker, C.J. and Barry, J. dissenting) in an unpublished decision (App. at 69a-70a). Petitioner invokes the jurisdiction of this Court under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

15 U.S.C. § 1125(c) and § 1127:

Federal Trademark Dilution Act of 1995

§ 1125(c) Remedies for dilution of famous marks

(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to-

(A) the degree of inherent or acquired distinctiveness of the mark;

(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

(C) the duration and extent of advertising and publicity of the mark;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channels of trade for the goods or services with which the mark is used;

(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;

(G) the nature and extent of use of the same or similar marks by third parties; and

(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

(2) In an action brought under the subsection, the owner of the famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity.

(3) The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

(4) The following shall not be actionable under this section:

(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

(B) Noncommercial use of a mark.

(C) All forms of news reporting and news commentary.

§ 1127 Construction and definitions; intent of chapter

In the construction of this chapter, unless the contrary is plainly apparent from the context --. . . .

The term "dilution" means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of --

(1) competition between the owner of the famous mark and other parties, or

(2) likelihood of confusion, mistake or deception.

STATEMENT OF THE CASE

Times Mirror publishes "The Sporting News," a weekly sports magazine covering football, basketball, baseball, and hockey, with a circulation of only about 540,000 in the United States and Canada. App. at 4a.[1] The phrase "The Sporting News" has been a federally registered trademark and in use as a banner headline since 1886. *Id.* Times Mirror sells a large proportion of its publications at newsstands and does not give away "The Sporting News" for free. *Id.* The magazine is advertised on television, in direct mail solicitations and occasionally on the radio. *Id.*

"Las Vegas Sporting News" is a gambling publication. It covers gambling on sports and on other activities such as horseracing, car racing, roulette, craps, blackjack, slots and presidential elections. App. at 36a. LVSN distributes its publication mainly by giveaways at casinos and sells few copies at newsstands. App. at 5a. LVSN's publication is targeted to gamblers. App. at 36a. LVSN's competitors are *Gaming Today*, *Atlantic City Magazine*, and *Casino Player*. *Id.* Companies advertising in Las Vegas Sporting News include casinos, paging companies and handicappers. *Id.* Las Vegas Sporting News is published 45 times annually and has a regular circulation of 42,000. App. at 4a.

Proceedings in the District Court. Times Mirror filed a complaint against LVSN for injunctive and monetary relief, claiming that LVSN's use of the "Las Vegas Sporting News" title infringes and dilutes Times Mirror's The

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[1] After the Third Circuit's ruling, Vulcan Print Media, Inc. acquired The Sporting News from Times Mirror, and was substituted for Times Mirror as plaintiff in the district court.

Sporting News trademark in violation of the Lanham Act. Times Mirror also filed a motion for a preliminary injunction to prohibit LVSN from using the name "Las Vegas Sporting News." Following a hearing, the district court granted Times Mirror's application for a preliminary injunction, holding that Times Mirror had established a likelihood of succeeding on the merits of its dilution claim. The district court did not rule on Times Mirror's trademark infringement claim.

The district court made no findings about what market either party was in or whether the publications are in the same or different markets. However, the district court did find that The Sporting News is "famous" within the meaning of the FTDA and that respondent was likely to establish dilution. App. at 13a, 20a.

Proceedings in the Court of Appeals. The court of appeals affirmed, with one judge dissenting.

The Third Circuit held that the district court "did not commit an obvious error" by finding the Sporting News to be "famous" in the "niche market" which the court of appeals stated that the district court had found the respondent to occupy. App. at 12a-13a. The court held that a mark can be famous in a niche market where the parties operate "within or along side that market." *Id.*

The court also found no error in the lack of a finding on whether "The Sporting News" was sufficiently "distinctive" to be susceptible to dilution. App. at 47a-49a. The majority concluded that Section 1125(c)(1) of the FTDA does not contain a separate statutory requirement of distinctiveness, and that distinctiveness is used in the statute only as a synonym for fame. *Id.* In so stating, the Third Circuit expressly recognized that its holding conflicted with the holdings of other courts, including the Second Circuit in

Nabisco Inc. v. PF Brands, Inc., 191 F.3d 208 (2d Cir. 1999). App. at 17a n.1.

Finally, the Third Circuit concluded that the district court did not err in declining to require proof of actual dilution. Rather, the court held that the owner of a famous mark must prove only "that the capacity of its mark to continue to be strong and famous would be endangered by the defendant's use of its mark." App. at 18a.

In a strong dissent, Judge Barry criticized the majority's decision as expanding the dilution cause of action in the face of contrary Congressional intent and at the expense of free competition. Disagreeing with the majority's niche market theory, Judge Barry noted that "the legislative history amply supports the conclusion that the FTDA should be restricted to a narrow category of marks, ensuring that it does not swallow infringement law by allowing mark owners to end-run a likelihood of confusion analysis which they fear -- or indeed, know -- they cannot win." App. at 27a. Quoting the legislative history, Judge Barry states that it "is crystal clear that Congress intended courts to be highly selective in determining which marks are famous and accorded those truly famous marks an unprecedented degree of protection." App. at 26a.

The dissent cited as examples of truly famous marks those mentioned in a House Report on the FTDA: "Buick," "Dupont" and "Kodak." App. at 27a. Judge Barry concluded that "The Sporting News" was not in that category, and that finding that The Sporting News met the fame requirement, entitling it to the "extraordinary protection" of a nationwide injunction, defeated Congress' deliberate design. App. at 30a.

Judge Barry also noted that Congress did not embrace a niche market theory of fame. She pointed out that at most, the legislative history could support only a niche market theory limited to marks used on goods or services sold within specialized industrial niches, and not goods directed at the general public, such as The Sporting News. App. at 31a n.3. Further, Judge Barry warned that the "big fish in small pond" theory of trademark dilution threatens to overrun trademark infringement law because it is possible to find virtually any mark famous within some market (depending on how narrowly that market is defined) and therefore in nearly all cases the niche market standard would obviate the need for a plaintiff to prove consumer confusion. App. at 31a-33a.

Judge Barry concluded: "Congress was quite clear . . . that the FTDA was not designed for situations in which ordinary infringement law provided a remedy but, rather, for those situations in which a truly famous mark on *dissimilar products* deserves, but cannot receive, protection under infringement law[.]" App. at 32a-33a.

LVSN's petition to the Third Circuit for rehearing en banc was denied, with Chief Judge Becker and Judge Barry dissenting. App. at 69a-70a.

REASONS WHY THE PETITION SHOULD BE GRANTED

Prior to 1995, the Lanham Act, 15 U.S.C. §§ 1051 *et. seq.*, provided a remedy only for trademark infringement, which is essentially the use of a mark that is likely to cause confusion as to the origin, sponsorship or approval of goods bearing the mark. The Federal Trademark Dilution Act of 1995 ("FTDA"), 15 U.S.C. § 1125(c), added to the Lanham Act a cause of action for a select group of truly "famous" and "distinctive" trademarks for uses that "cause dilution of the distinctive quality of the mark." 15 U.S.C. §1125(c).

However, the lower courts are extremely confused about how to interpret the FTDA, and this confusion has led to conflicting decisions among the circuit courts of appeal. This case is an important case involving the three pivotal questions of statutory construction at the heart of the confusion and conflicts in the circuits.

Congress enacted the FTDA for diluting uses such as "DuPont shoes, Buick aspirin and Kodak pianos." 141 Cong. Rec. H.14317 (daily ed. Dec. 12, 1995). None of those examples of diluting uses would constitute trademark infringement, because there would be no likelihood of confusion. In other words, it is unlikely that the mark "Kodak pianos" would lead any significant portion of the public to believe that the universally renowned Kodak company is selling pianos. Nonetheless, Congress believed that a select group of household-name trademarks are so famous and distinctive that their "distinctiveness" can be "diluted" even in the absence of a likelihood of confusion. Congress determined that "[a] federal dilution statute is necessary because famous marks are ordinarily used on a nationwide basis and dilution protection [by state statute] is

currently only available on a patch-quilt system of protection [.]" H.R. Rep. No. 104-374, at 3 (1995).

The FTDA is a powerful weapon, in significant part because it offers trademark holders the prospect of nationwide injunctions and damages without the need to prove the likelihood of confusion. Accordingly, Congress made clear that the FTDA "is to be applied selectively and is intended to provide protection only to those marks which are both truly distinctive and famous[.]" Sen. Jud. Comm. Rep. on S. 1883, S. Rep. No. 100-515, at 41-42 (Sept. 15, 1988).[2] However, the Third Circuit's decision violates that mandate.

Under the Third Circuit's decision, proving an FTDA violation is so easy that the owner of virtually any registered trademark with a modest level of renown in a niche market could bar all uses of any similar marks nationwide in every partially overlapping market. Congress did not intend that result. The Third Circuit also grants FTDA protection even

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[2] While not raised in the court below, First Amendment concerns should compel an even narrower construction of the FTDA in a case which, like this one, involves the title of a publication. The Second and Fifth Circuits have held that literary titles do not violate the Lanham Act "'unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or content of the work'." *Westchester Media v. PRL USA Holdings, Inc., 214 F.3d 658, 664* (5th Cir., 2000) (quoting *Twin Peaks Productions, Inc. v. Publications Int'l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir. 1993)). "[O]verextension of the Lanham Act restrictions in the area of titles might intrude on First Amendment values" and therefore, in cases involving publication titles, courts "must construe the Lanham Act narrowly to avoid such conflict." *Id.* (citing *Silverman v. CBS*, 870 F.2d 40, 48 (2d Cir. 1989)); *see also Cliff Notes v. Bantam Doubleday Dell Publishing Group, Inc.*, 886 F.2d 490, 494 (2d Cir. 1989).

to trademarks composed of descriptive, commonplace terms and allows an FTDA claim even if there is no actual dilution. Congress did not intend those results, either.

Moreover, the Third Circuit's fame standard destroys the statutory framework of the Lanham Act by threatening to devour classic trademark infringement law. It allows trademark holders to do an end-run around infringement law and thereby avoid having to prove likelihood of confusion.

The Third Circuit's expansive interpretation of the FTDA threatens to upset trademark law's delicate balance between free competition and property rights, by making it too easy for many trademark owners to bar all uses of similar marks.

Given the importance of the FTDA, it is not surprising that the statute has been the subject of extensive scholarly commentary[3] and litigation. The courts and commentators are confused and divided on the correct interpretation of the statute. The questions presented are undeniably important, both as a legal and economic matter. Guidance from this Court is sorely needed.

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3 *See, e.g.*, Mark A. Lemley, *The Modern Lanham and the Death of Common Sense*, 108 Yale L.J. 1687 (1999); Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 Emory L.J. 367 (1999); G. Kip Edwards, *Developments in Dilution Law*, 579 PLI/Pat 209 (1999); Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. Pitt. L. Rev. 789 (1997).

I. This Court Should Resolve The Confusion Among The Circuits As To Whether The FTDA Protects Trademarks That Are Famous Merely In Their Own Niche Market

The majority opinion below holds that "a mark not famous to the general public is nevertheless entitled to protection from dilution where both the plaintiff and defendant are operating in the *same or related markets*, so long as the *plaintiff's* mark possesses a high degree of fame in *its* niche market." App. at 12a (emphasis added). The Third Circuit also ruled that "a mark can be famous in a niche market where the mark has a high degree of distinctiveness within the market and where the plaintiff and defendant operate *within or along side* that market . . ." *Id.* (emphasis added). This decision conflicts with the narrow purpose of the FTDA intended by Congress, is inconsistent with the decisions of the First, Ninth, and Seventh Circuits, creates unfair dilemmas for companies selecting trademarks, and is incorrect.

By expanding the FTDA to apply to marks that lack universal renown, the Third Circuit's decision broadens the statute far beyond Congress' intent. The 1987 Report of the Trademark Review Commission of the United States Trademark Association urged the adoption of a "highly selective federal statute," and recommended "a strenuous test for fame." *See* Reports of the Trademark Review Commission, 77 Trademark Rep. 375, 461 (1987). Congress' intent was that the FTDA "is to be applied selectively and is intended to provide protection only to those marks which are both truly distinctive and famous[.]" Sen. Jud. Comm. Rep. on S. 1883, S. Rep. No. 100-515, at 41-42 (Sept. 15, 1988). *See* H.R. Rep. 104-374, (Nov. 30, 1995) ("the use of *DUPONT* shoes, *BUICK* aspirin and *KODAK* pianos would be actionable under [the FTDA]").

The FTDA requires a greater degree of fame than does trademark infringement because, unlike trademark infringement law, the FTDA does not require any likelihood of consumer confusion and provides a remedy against *anyone* in any business, not just against competitors or closely related uses. *See Viacom Inc. v. Ingram Ent., Inc.* 141 F.3d 886, 892 (8th Cir. 1998) (FTDA is potent tool which must be carefully used as scalpel, not sledgehammer). If dilution relief is not limited to truly famous and distinctive marks, the FTDA "becomes a rogue law that turns every trademark, no matter how weak, into an anti-competitive weapon[.]" *Id.* at 891.

Furthermore, the Third Circuit's ruling that a plaintiff need show fame only in *its own* niche market runs totally contrary to the law and logic of dilution. The FTDA requires at a minimum that a plaintiff's mark be "famous among a significant percentage of the potential purchasers in the *defendant's* market or product line[.]" 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 24:92, at 24-161, 24-164 (4th ed. 2000) (emphasis added) (suggesting that FTDA fame requires a mark to be known by more than 50% of defendant's potential customers); *see also Avery Dennison v. Jerry Sumpton*, 189 F.3d 868, 878 (9th Cir. 1999) (holding niche market theory not applicable where plaintiff's mark possessed no degree of recognition among *defendant's* market and defendant did not target its services at plaintiff's customer base).

The First, Ninth, and Seventh Circuits have issued rulings on the issue of niche market fame which are inconsistent with the Third Circuit's decision and with each other.

In *I. P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 47 (1st Cir. 1998), the First Circuit rejected a strong showing of niche market fame as insufficient for purposes of the

FTDA, even though the parties in that case competed in exactly the same market. The court held that the plaintiff had not proven fame sufficient for the FTDA, even though it had established that its faucets were famous in the world of interior design and bathroom fixtures, had been featured and advertised in national magazines, and even had been displayed in museums. *Id.* at 47.

In contrast -- in an approach inconsistent with both the Third and First Circuit approaches -- the Ninth Circuit has held that niche market fame does suffice to establish the fame element as long as the allegedly diluting use is "directed narrowly at the same market segment." *Avery Dennison Corp.*, 189 F.3d at 878 (quoting *Washington Speakers Bureau v. Leading Authorities, Inc.*, 33 F. Supp. 2d 488 (E.D. Va. 1999), *aff'd* 217 F.3d 843 (4th Cir. 2000)); *see also Carnival Corp. v. SeaEscape Casino Cruises, Inc.*, 74 F. Supp. 2d 1261, 1270-71 (S.D. Fla. 1999) (rejecting application of niche market fame standard where parties "target different, although somewhat related, markets").[4]

The Seventh Circuit too, has held that niche market fame can suffice as fame under the FTDA when the parties are in precisely the same market. *Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 192 F.3d 633, 641 (7th Cir. 1999). However, the court reached even that conclusion based on an

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[4] *Avery Dennison* is itself internally inconsistent. Despite its stated agreement with niche market fame under narrow circumstances, the court also makes sweeping statements that cannot coexist with a niche market theory, such as "[d]ilution is a cause of action invented and reserved for a select class of marks -- those marks with such powerful consumer associations that even non-competing uses can impinge on their value." 189 F.3d at 875.

erroneous reading of the holding and implications of the First Circuit's decision in *I.P. Lund.*

The Seventh Circuit cited *I.P. Lund* for the proposition that "the narrowness of the market in which a plaintiff's mark has fame is a factor that must be considered in the balance," and then the Seventh Circuit concluded that: "However, when the defendant allegedly uses a mark in the same market as the plaintiff, the narrowness of that market is less important." *Id.* In fact, the First Circuit squarely rejected the possibility of niche market fame even where both parties *were in precisely the same market.* Furthermore, the First Circuit's opinion does *not* say whether niche market fame could ever suffice as fame under the FTDA. On the contrary, the court in *I.P. Lund* referred repeatedly to the high, rigorous standard of fame required under the FTDA and rejected a strong showing of niche market fame as insufficient to pass muster under the FTDA. *I.P. Lund*, 163 F.3d at 46.

The legislative history of the FTDA does not support the niche market standard created by the Third Circuit, as Judge Barry explained in her dissent in the instant case. Judge Barry pointed out that the only reference in the legislative history that even comes close to suggesting such a standard limited that standard to marks used on goods or services sold within specialized industrial niches, and not goods directed at the general public, such as The Sporting News. App. at 31a n.3. Further, Judge Barry warned that the "big fish in small pond" theory of trademark dilution threatens to overrun trademark infringement law because it is possible to find virtually any mark famous within some market (depending on how narrowly that market is defined) and therefore in nearly all cases the niche market standard would obviate the need for a plaintiff to prove consumer

confusion to obtain injunctive relief against the use of a replicating mark on competing goods. App. at 31a-33a.

The inconsistent and confusing decisions by the circuit courts, and the uncertainties created by the Third Circuit decision, have also created unfair dilemmas for companies selecting trademarks. The Third Circuit's lenient fame standard has opened the floodgates for any trademark user with fame in any narrowly defined market to bar the use of a wide spectrum of similar marks in other markets which are "related to" or "along side" the trademark holder's market. Accordingly, a company might well be blindsided by a mark which is famous only within a niche market to which the company does not belong.

In any event, the courts of appeals are hopelessly confused on the central issue of whether and under what circumstances niche market fame can be sufficient to meet the "fame" requirement of the FTDA. Only this Court can provide clear guidance on this issue.

II. This Court Should Resolve The Conflict Among The Circuits As To Whether "Distinctiveness" Under the FTDA is Merely a Synonym for "Fame" and Therefore Redundant

The courts of appeals are in conflict as to whether "distinctiveness," separate and apart from "fame," is an essential element of an FTDA claim. The Second and Eighth Circuits say it is; the Third Circuit says it is not. App. at 49a. Again, clear guidance from this Court is needed.

The Third Circuit's holding runs counter to the statutory language and legislative history. The heart of the FTDA proscribes uses that "cause dilution of the *distinctive* quality of the mark." 15 U.S.C. § 1125(c) (emphasis added).

The statute also expressly requires a determination as to "whether a mark is distinctive *and* famous." *Id.* (emphasis added). Moreover, Congress made clear that the FTDA is to be applied selectively and is intended to provide protection only to those marks which are *both* truly distinctive *and* famous. Sen. Jud. Comm. Rep. on S. 1883, S. Rep. No. 100-515, at 41-42 (Sept. 15, 1988).

Accordingly, in *Nabisco, Inc. v. PF Brands, Inc.*, 191 F. 3d 208, 216 (2d Cir. 1999), the Second Circuit held that distinctiveness, separate and apart from fame, is an essential element of a FTDA claim. Because the FTDA provides for relief where "the [junior] person's use . . . cause[s] dilution of the distinctive quality of the [senior] mark," the Second Circuit concluded that "[t]here can be no dilution of a mark's distinctive quality unless the mark is distinctive." *Nabisco*, 191 F.3d at 216. "A mark that, notwithstanding its fame, has no distinctiveness is lacking the very attribute that the anti-dilution statute seeks to protect." *Id.*

Applying that standard, the Second Circuit observed that even some famous marks may be incapable of being diluted:

> Many famous marks are of the common or quality claiming or prominence claiming type -- such as American, National, Federal, Federated, First, United, Acme, Merit or Ace. It seems most unlikely that the statute contemplates allowing the holders of such common, albeit famous, marks to exclude all new entrants. That is why the statute grants that privilege only to holders of "distinctive marks."

Nabisco, 191 F.3d at 216. "A mark can be famous without being at all distinctive, as in the case of American Airlines, American Tobacco Company, British Airways, Federated

Department Stores, Allied Stores or the First National Bank or whatever." *Id.* at 227-28; *see also New York Stock Exchange Inc. v. New York, New York Hotel, LLC*, 69 F. Supp.2d 479, 488 (S.D.N.Y. 1999) ("The Second Circuit has thus construed 'distinctiveness' to be the equivalent to what is sometimes referred to as 'inherent distinctiveness' in trademark law.").

Similarly, the Eighth Circuit has held that even though a mark may be famous and entitled to protection under trademark infringement law, it may still lack sufficient distinctiveness to establish a dilution by blurring claim. *See Viacom Inc. v. Ingram Enterprises, Inc.*, 141 F.3d 886 (8th Cir. 1998).

In that case, Viacom claimed that the use by Ingram Enterprises of the name "Blockbuster" on its fireworks diluted by blurring Viacom's "Blockbuster" mark for its chain of video stores. Even though the court acknowledged that Viacom's mark was a strong mark, the Eighth Circuit held that Viacom could not obtain a complete monopoly over the use of a common word with multiple meanings. *Id.* at 892. The Court noted that the original meaning of blockbuster was a very large bomb designed to be dropped from a plane. *Id.*; *see also Accuride Intern., Inc. v. Accuride Corp.*, 871 F.2d 1531, 1539 (9th Cir. 1989) (holding under state dilution law that value of "'Accuride' trade name could not be diluted because, *inter alia*, 'Accu' and 'ride' are used by many others in trade names and trademarks.").

Nonetheless, the Third Circuit in this case expressly rejected the Second Circuit's distinctiveness requirement, holding that the FTDA does not contain a separate statutory requirement of "distinctiveness" apart from a finding that the mark is famous. App. at 49a. The Third Circuit stated that even if distinctiveness is a separate requirement, it is

redundant because "[t]o be a 'mark' eligible in the first place for protection under [§ 1125(c)(1)], basic trademark principles dictate that a designation has to be "distinctive" either inherently or through acquired secondary meaning." App. at 48a (quoting 4 McCarthy, *supra*, § 24:91, at 24-154). The Third Circuit did not distinguish the level of distinctiveness needed for protection under trademark infringement law and that needed for the FTDA.[5]

The conflict between the circuits on the "distinctiveness" issue is a square and irreconcilable conflict at the heart of the FTDA which only this Court can resolve.

III. This Court Should Resolve The Conflict Among The Circuits As to Whether Proof Of Actual Dilution Is Required To Establish An FTDA Claim

The circuits are split on whether the FTDA requires proof of actual dilution or merely a likelihood of dilution. The Fourth and Fifth Circuits require proof that the alleged infringing use has caused actual, consummated dilution. The Second and Third Circuits require proof merely that the

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[5] Quoting McCarthy's treatise, the Third Circuit explains the statutory requirement of distinctiveness as a drafting error. McCarthy contends that the term distinctiveness was added to the text of the statute as hyperbole to emphasize the requirement that the mark be registered and that, after that requirement was dropped from the Bill, Congress neglected to drop the word distinctiveness, which "was left floating in the statute, unmoored to either any statutory requirement or underlying policy goal." App. at 49a (quoting 4 McCarthy, *supra*, § 24:91, at 24-153). The Second Circuit expressly disagreed with McCarthy's contention, and concluded that "the requirement of distinctiveness was intended, for good reason, to deny the protection of the statute to non-distinctive marks." *Nabisco*, 191 F.3d at 216 n.2.

offending use is likely to cause dilution. This is a square and irreconcilable conflict at the heart of the FTDA which only this Court can resolve.

In *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 170 F.3d 449 (4th Cir.), *cert. denied*, 120 S. Ct. 286 (1999), the Fourth Circuit held that the FTDA requires the owner of a famous mark to prove that the junior mark is "sufficiently similar to the famous mark to evoke in a relevant universe of consumers a mental association of the two" marks, and that the mental association has caused "actual economic harm to the famous mark's economic value by lessening its former selling power," expressed as "its capacity to identify and distinguish goods and services." *Id.* at 458, 461. After conducting a thorough analysis of the legislative history of the FTDA, the Fourth Circuit concluded that the statute does not protect the mere "singularity" or "uniqueness" of famous trademarks. *Id.* at 458. The court noted that if Congress had intended to create property rights *in gross* in famous marks, that intention "is one easily and simply expressed by merely prescribing use of any substantially replicating junior mark." *Id.* at 459.

Comparing the FTDA to state anti-dilution legislation, the Fourth Circuit stated that "the federal act makes plain what that the state [dilution] statutes arguably may not: that the end harm at which the statute is aimed is a mark's selling power, not its 'distinctiveness' as such." *Id.* at 458. The Fourth Circuit concluded therefore that the FTDA "proscribes and provides remedy only for actual, consummated dilution and not a mere 'likelihood of dilution.'" *Id.* A plaintiff must prove more than a sufficient similarity between the junior and senior marks to evoke an "instinctive mental association of the two by a relevant universe of consumers," but must also prove that such

association "is the effective cause of...an actual lessening of the senior mark's selling power, expressed as 'its capacity to identify and distinguish goods and services.'" *Id.*

Under the Fourth Circuit's standard, proof of actual harm caused by the junior mark is required, and such harm cannot simply be inferred from proof of any replicating junior use. *Id.* at 460 ("It is not at all improbable that some junior uses will have no effect at all upon a senior mark's economic value, whether for lack of exposure, general consumer disinterest in both marks' products, or other reasons.")

Recently the Fifth Circuit followed the Fourth Circuit in requiring proof of actual dilution for FTDA claims. *See Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658 (5th Cir. 2000). The Fifth Circuit recognized that "[t]here is a key difference between the state antidilution statutes that formed the backdrop for passage of the FTDA and the FTDA itself. Whereas state dilution statutes incorporate, often expressly, the 'likelihood of dilution' standard, the federal statute does not." *Id.* at 670. The court noted that 15 U.S.C. § 1125(c)(1) prohibits any "commercial use of a famous mark that causes dilution," and concluded that "the present tense of the verb and lack of any modification of 'dilution' support an actual dilution standard." *Id.* at 671. *Accord Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 55 F. Supp. 2d 1070, 1075 (C.D. Cal. 1999), *aff'd*, 202 F.3d 278 (9th Cir. 1999); *National Football League Properties, Inc. v. ProStyle, Inc.*, 57 F. Supp. 2d 665, 671 (E.D. Wis. 1999).

The Second Circuit, in contrast, has expressly rejected the Fourth Circuit's actual dilution standard. In *Nabisco*, 191 F.3d at 214, the court acknowledged that the language of the FTDA supports an actual dilution standard but, without

citation to any authority or legislative history, rejected the obvious reading of the statute as "excessive literalism." *Id.* at 224.

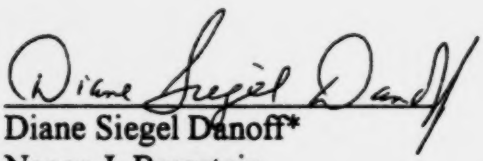
On this issue, the Third Circuit in this case has aligned itself with the Second Circuit and against the Fourth and Fifth Circuits. The court held that an FTDA plaintiff may prove dilution by showing that use of the junior mark "endangers" the "capacity" of the senior mark "to continue to be strong and famous." App. at 18a. The court ruled that the danger to the senior mark's capacity may be established by proof of the existence of the *Mead-Data* factors and the *Nabisco* supplemental factors, even though the court acknowledged that "courts and commentators have criticized the *Mead-Data* test as the offspring of classical likelihood of confusion analysis and not particularly relevant or helpful in resolving issues of dilution by blurring." App. at 18a (citing *I.P. Lund* 163 F.3d at 49-50; 4 McCarthy, *supra*, § 24:94.1). The court accorded no relevance to the absence of any evidence that Times Mirror has experienced or will experience any adverse consequences as a result of LVSN's use of the "Las Vegas Sporting News" title, despite LVSN's allegedly infringing use for more than fifteen months prior to suit.

On this issue, as on the two previously discussed issues, the lower courts and litigants are sorely in need of this Court's guidance.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,



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September 22, 2000

Filed April 28, 2000

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

No. 99-1299

TIMES MIRROR MAGAZINES, INC.

v.

LAS VEGAS SPORTS NEWS, L.L.C.,
d/b/a LAS VEGAS SPORTING NEWS,
Appellant.

On Appeal from the United States District Court
for the Eastern District of Pennsylvania
(D.C. No. 98-cv-05768)
District Judge: Honorable Bruce W. Kauffman

Argued: January 13, 2000

Before: Alito, Barry and Aldisert, *Circuit Judges.*

(Filed: April 28, 2000)

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OPINION OF THE COURT

ALDISERT, *Circuit Judge.*

The issue on appeal is whether the district court erred by preliminarily enjoining Las Vegas Sports News, L.L.C., d/b/a Las Vegas Sporting News ("LVSN"), from using the phrase "Sporting News" in connection with its weekly sports-betting publication under the Federal Trademark Dilution Act of 1995, 15 U.S.C. § 1125(c) ("FTDA" or Act"). The district court concluded that Times Mirror Magazines Inc., owner of the federally registered mark "The Sporting News," was likely to succeed on the merits of its dilution claim against LVSN, because the mark was "famous" in its niche market and LVSN's use of the title *Las Vegas Sporting News* on its publication diluted the Times Mirror's mark by blurring its distinctiveness.

The district court had jurisdiction over the dilution claims pursuant to 15 U.S.C. § 1121(a) and 28 U.S.C. § 1338. We have jurisdiction pursuant to 28 U.S.C. § 1292(a)(1). This appeal by LVSN was timely filed under Rule 4, Federal Rules of Appellate Procedure.

LVSN contends that the district court erred by granting Times Mirror preliminary injunctive relief because Times Mirror failed to establish a likelihood of success on the merits of its dilution claim or immediate irreparable harm. We must decide whether the district court erred by holding that (a) the mark "The Sporting News" was famous in the sports periodicals market; (b) LVSN's use diluted the strength of Times Mirror's mark by blurring its distinctiveness and (c) Times Mirror's 15-month delay in bringing suit did not preclude a finding that LVSN's use would immediately cause irreparable harm to Times Mirror.

In reviewing the grant or denial of a preliminary injunction, we consider the following:

1. The law has entrusted the power to grant or dissolve an injunction to the discretion of the trial court in the first instance, and not to the appellate court.

2. Unless the trial court abuses that discretion, commits an obvious error in applying the law or makes a serious mistake in considering proof, the appellate court must take the judgment of the trial court as presumptively correct.

3. This limited review is necessitated because the grant or denial is almost always based on an abbreviated set of facts, requiring a delicate balancing of the probabilities of ultimate success at final hearing with the consequences of immediate irreparable injury which could possibly flow from the denial of preliminary relief.

4. In exercising its limited review of the grant or denial of preliminary injunctive relief, the appellate court asks: (a) Did the movant make a strong showing that it is likely to prevail on the merits? (b) Did the movant show that, without such relief, it would be irreparably injured? (c) Would the grant of a preliminary injunction substantially have harmed other parties interested in the proceedings? (d) Where lies the public interest?

5. The applicant for a preliminary injunction bears the burden of establishing that a right to such injunctive relief and that irreparable injury will result to him of it is not granted. Moreover, we have emphasized the elementary principle that a preliminary injunction shall not issue except under a showing of irreparable injury.

A.O. Smith Corp. v. FTC, 530 F.2d 515, 525 (3d Cir. 1976); *see Lorentangeli v. Critelli*, 853 F.2d 186, 193 (3d Cir. 1988).

I.

In 1886, the phrase "The Sporting News" was granted federal trademark registration and since that time has been the banner headline on a weekly publication, entitled *The Sporting News*. The mark's present owner, Times Mirror Magazines, Inc., publishes *The Sporting News* and operates an internet website devoted to its publication at <http://www.sportingnews.com>.

The Sporting News provides its readers with information on baseball, basketball, football and hockey, and has weekly circulation of approximately 540,000 in the United States and Canada. *The Sporting News* does not provide any information on gambling, because Times Mirror "believe[s] that there is a portion of the population that is adamantly opposed to gambling and that they would not look favorably on any of [its] products if they thought [the magazine was] promoting gambling in any way." D. Ct. Op. at 2 (alteration in original). The magazine is advertised on television, in direct mail solicitations, in promotions and occasionally on the radio. It is typically sold for $2.99, but nine special content issues are sold each year for $3.99. Over the last several years, Times Mirror has invested millions of dollars in *The Sporting News* in an attempt to improve the quality of its magazine and to increase readership.

LVSN publishes *Las Vegas Sporting News*, which contains articles, editorials and advertisements on sports wagering "for the sports gaming enthusiasts or individuals that like to take a risk." App. at 41 (Testimony of LVSN publisher, Dennis Atiyeh). *Las Vegas Sporting News* is published 45 times a year and generally has a circulation of 42,000, but some special editions have had a circulation of up

to 100,000. The publication is sold for $2.99 at several hundred newsstands across the country, but most copies are given away in gambling casinos free of charge.

In 1997, LVSN publisher Dennis Atiyeh changed the name of his publication from *Las Vegas Sports News* to *Las Vegas Sporting News*. The publisher says that he changed the publication's title for two reasons: (1) the previous publisher of *Las Vegas Sports News* had a poor reputation, having fallen into disrepute with gambling casinos and (2) the term "sporting" more accurately reflected the publication's content, because the publication was a "sports gaming" publication, and not purely a "sports publication." D. Ct. Op. at 3. Atiyeh admits that at the time he changed the name of his publication, he was familiar with Times Mirror's publication *The Sporting News*. Since the 1997 name change to *Las Vegas Sporting News*, circulation of the publication has increased, but not substantially.

Times Mirror has first learned that LVSN was publishing *Las Vegas Sporting News* in August 1997. On September 24, 1997, Times Mirror sent LVSN a cease and desist letter, which read in part:

> It has recently come to my attention that your company is marketing a sports magazine entitled *Las Vegas Sporting News*. Apparently, this is a relatively recent change, since the masthead page of your magazine makes reference to *Las Vegas Sports News*, stating, in part, that, "*Las Vegas Sports News* . . . is published weekly . . . ."
>
> . . . . It would appear that your company is attempting to unlawfully appropriate the good will that is associated with our federally registered trademark.
>
> In view of the likelihood of consumer confusion, we hereby demand that you (1) immediately cease and

> desist from any further use of the term "Las Vegas Sporting News," and (2) select a name to identify your product that is not confusingly similar to our "The Sporting News" trademark.

App. at 263-264 (citations omitted).

LVSN had not ceased using the phrase "Sporting News" in connection with its weekly publication. In October 1998, after settlement negotiations between Times Mirror and LVSN proved unsuccessful, Times Mirror retained Glenn Hauze, a private investigator in Pennsylvania, "to gain as much information as possible regarding the availability of the *Las Vegas Sporting News*," in anticipation of litigation. App. at 31. Hauze began his investigation by visiting three newsstands in or around Lehigh Valley, Pennsylvania. The first newsstand he visited was in Plumsteadville, and it carried both *The Sporting News* and *Las Vegas Sporting News*. *Las Vegas Sporting News* "was up on the shelf with the other sporting magazines," but *The Sporting News* "was down amongst the tabloids." D. Ct. Op. at 6. The following day, Hauze found copies of *Las Vegas Sporting News* for sale at newsstands in Allentown and Quakerville. At the Allentown newsstand, *Las Vegas Sporting News* and *The Sporting News* were displayed within inches of each other in a bay window in front of the store, along with a large number of other sporting type publications.

John Kastberg, vice-president of Times Mirror's *The Sporting News*, conducted his own investigation in December 1998, during which he visited three newsstands in New York City:

> I went to a newsstand in Penn Station which is a train terminal in New York, I went to Barnes & Noble in New York and I went to a newsstand in Grand Central Terminal which is another train station in New York. . . . [W]hen I went to Penn Station I asked the guy "Do you

> have the *Las Vegas Sporting News*," and he handed me the Times Mirror *Sporting News*. . . . I went to the Barnes & Noble, asked the same question, got Times Mirror *Sporting News* and the same thing happened at Grand Central. All three times I was handed the Times Mirror *Sporting News* when I asked for *Las Vegas Sporting News*.

App. at 24-25.

Two weeks after Hauze's investigation, Times Mirror filed a complaint in district court, charging LVSN with infringing Times Mirror's registered mark in violation of section 32 of the Lanham Act, 15 U.S.C. § 1114(1); with false designation of origin in violation of section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); with trademark dilution in violation of section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c); and with common law unfair competition and infringement.

On December 3, 1998, both parties participated in an evidentiary hearing on Times Mirror's motion for a preliminary injunction, in which it sought to enjoin LVSN from using the phrase "Sporting News" on its publication. In its March 4, 1999 Order and Memorandum Opinion, the district court concluded that Times Mirror was likely to succeed on the merits of its federal trademark dilution claim and consequently granted Times Mirror's request for a preliminary injunction, thereby enjoining LVSN from using the phrase "Sporting News" in connection with its weekly publication. The district court granted the preliminary injunction solely on trademark dilution by blurring grounds and did not consider Times Mirror's other claims. The parties subsequently agreed *inter alia* that the preliminary injunction would be stayed pending appeal to this court.

II.

The Federal Trademark Dilution Act of 1995 provides:

> The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.

15 U.S.C. § 1125(c)(1).

The federal cause of action for trademark dilution grants extra protection to strong, well-recognized marks even in the absence of a likelihood of consumer confusion—the classical test for trademark infringement—if the defendant's use diminishes or dilutes the strong identification value associated with the plaintiff's famous mark. 4 McCarthy on Trademarks and Unfair Competition § 24:70 (4th ed. 1997). The dilution doctrine is founded upon the premise that a gradual attenuation of the value of a famous trademark, resulting from another's unauthorized use, constitutes an invasion of the senior user's property rights in its mark and gives rise to an independent commercial tort for trademark dilution. *Id.*

To establish a prima facie claim for relief under the federal dilution act, the plaintiff must plead and prove:

1. The plaintiff is the owner of a mark that qualifies as a "famous" mark in light of the totality of the eight factors listed in § 1125(c)(a),
2. The defendant is making commercial use in interstate commerce of a mark or trade name,

3. Defendant's use began after the plaintiff's mark became famous, and

4. Defendant's use causes dilution by lessening the capacity of the plaintiff's mark to identify and distinguish goods or services.

See 4 *McCarthy, supra*, § 24:89; *see also Hershey Foods Corp. v. Mars, Inc.*, 998 F. Supp. 500, 504 (M.D. Pa. 1998) (quoting 4 McCarthy, *supra*). A court may consider the following eight non-exclusive factors in determining the famousness *vel non* of a mark:

> (A) the degree of inherent or acquired distinctiveness of the mark;
>
> (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
>
> (C) the duration and extent of advertising and publicity of the mark;
>
> (D) the geographical extent of the trading area in which the mark is used;
>
> (E) the channels of trade for the goods and services with which the mark is used;
>
> (F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;
>
> (G) the nature and extent of use of the same or similar marks by third parties; and
>
> (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

15 U.S.C. § 1125(c)(1)(A)-(H).

The district court held Times Mirror established a likelihood of success on the merits of its federal dilution claim against LVSN, because (1) Times Mirror's mark "The Sporting News" was famous; (2) LVSN made commercial use in interstate commerce of the name "Las Vegas Sporting News"; (3) Times Mirror's mark became famous before LVSN began using the name "Las Vegas Sporting News" and (4) LVSN's use of that name diluted the strength of "The Sporting News" mark. Because Appellant only challenges the first and last prongs of Times Mirror's prima facie claim for dilution, we focus our attention on the district court's findings that "The Sporting News" is a famous mark under the Act and that LVSN's use diluted the strength of Times Mirror's mark.

III.

LVSN argues that the district court erred in granting Times Mirror a preliminary injunction because its mark "The Sporting News" is not famous and because the court did not make a separate finding as to the distinctiveness of Times Mirror's trademark.

A.

Appellant contends that "The Sporting News" cannot be famous under the Act because it is not famous to the general public, and "substantial case law indicates that marks famous in a specialized market, rather than well-known to the general public, should not be considered 'famous' under the federal dilution statute." Appellant Br. at 23 (citing *Washington Speakers Bureau, Inc. v. Leading Authorities, Inc.*, 33 F. Supp.2d 488, 503 (E.D. Va. 1999)). However, in the case Appellant cites for its theory, the court did not specifically adopt or reject a niche market theory for fame. *See Washington Speakers Bureau, Inc.*, 33 F. Supp.2d at 503 ("In the instant case, it is ultimately unnecessary to resolve this

still-unsettled question, since even if fame in a niche market were sufficient to establish fame under the Act, consideration of the statutory factors reveals that [the plaintiff] has failed to make even this demonstration."). Thus, this case is not particularly helpful to our analysis.

We recognize that not all courts' decisions have been precise in addressing the question whether a mark can be famous in a niche market. The Court of Appeals for the Seventh Circuit has addressed the niche market debate.

> At an initial glance, there appears to be a wide variation on this issue [of whether a mark famous in a niche market is entitled to protection under the FTDA]. Some cases apparently hold that fame in a niche market is insufficient for a federal dilution claim, while some hold that such fame is sufficient. However, a closer look indicates that the different lines of authority are addressing two different contexts. Cases holding that niche-market fame is insufficient generally address the context in which the plaintiff and defendant are using the mark in separate markets. On the other hand, cases stating that niche-market renown is a factor indicating fame address a context . . . in which the plaintiff and defendant are using the mark in the same or related markets.

Syndicate Sales, Inc. v. Hampshire Paper Corp., 192 F.3d 633, 640 (7th Cir. 1999) (internal footnotes omitted); *see also Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 222 (2d Cir. 1999) ("[D]ilution can occur where the [defendant's] use competes directly with the [plaintiff's] as well as where the [defendant] is in a non-competing market. In general, the closer the products are to one another [in the marketplace], the greater the likelihood of both confusion and dilution.").

The Restatement (Third) of Unfair Competition lends further support to the theory that niche market fame is sufficient to protect a mark from dilution within that market:

> A mark that is highly distinctive only to a select class or group of purchasers may be protected from diluting uses directed at that particular class or group. For example, a mark may be highly distinctive among purchasers of a specific type of product. In such circumstances, protection against a dilution of the mark's distinctiveness is ordinarily appropriate only against uses specifically directed at that particular class of purchasers . . . .

Restatement (Third) of Unfair Competition § 25 cmt. e (1995 Main Vol.); *see* 4 McCarthy, *supra*, § 24:112. We are persuaded that a mark not famous to the general public is nevertheless entitled to protection from dilution where both the plaintiff and defendant are operating in the same or related markets, so long as the plaintiff's mark possesses a high degree of fame in its niche market.

The district court determined that Times Mirror and LVSN competed in the same, or at least significantly related, markets—namely, the sports periodicals market. LVSN contends that its readers, who essentially are interested in wagering on sports, are distinct from the readers of *The Sporting News*, who are interested in sports generally. We find such a distinction to be without merit. Surely many, if not the vast majority, of those individuals who gamble on sports in Las Vegas also follow the sports on which they are wagering. We conclude therefore that the district court did not err by finding that LVSN and Times Mirror shared a common market. Because a mark can be famous in a niche market where the market has a high degree of distinctiveness within the market and where the plaintiff and defendant operate within or along side that market, we hold that the

district court did not commit an obvious error by holding that the mark "The Sporting News" was famous in its niche and therefore entitled to protection under the FTDA against LVSN's use of a similar mark in the same market.

B.

LVSN also argues that "The Sporting News" is not famous because it is merely a descriptive mark and does not satisfy the eight statutory factors for fame listed in 15 U.S.C. § 1125(c)(1)(A)-(H). Because Appellant disputes the district court's factual findings with regard to fame and its application of the § 1125(c)(1) fame factors, we review each factor of the district court's analysis and will not reverse unless the district court committed an obvious error in applying the law or made a serious mistake in considering the proof presented. *See A.O. Smith*, 530 F.2d at 525.

The district court concluded that "The Sporting News" mark was famous under § 1125(c)(1) for the following reasons:

> First, "The Sporting News" is a federally registered trademark. Because a mark does not qualify for federal trademark registration unless it is distinctive, *see* 15 U.S.C. § 1052, federal registration goes a long way toward proving that the mark has inherent or acquired distinctiveness. Second, "The Sporting News" has been used on the magazine's banner headline since 1886. Third, *The Sporting News* is advertised on television, in direct mail solicitations and promotions, and, occasionally, on the radio. In recent years, Times Mirror has spent millions of dollars improving the magazine. Fourth and finally, Times Mirror uses "The Sporting News" trademark throughout the United States and Canada and on the internet.

D. Ct. Op. at 8-9 (internal quotation marks, footnotes and citations omitted). We now review the district court's analysis of the famousness of the mark "The Sporting News" and its application of the eight non-exclusive statutory factors for famousness set forth in Part II, *supra*.

1.

Applying the first factor under 15 U.S.C. § 1125(c)(1), the district court determined that "The Sporting News" had a high degree of distinctiveness in the sports periodicals market. Although the district court did not elaborate on this finding, its factual conclusion was not erroneous.

The degree of acquired or inherent distinctiveness of a mark bears directly upon the issue of whether that mark is famous. *See* 15 U.S.C. § 1125(c)(1)(A). The mark "The Sporting News" is not inherently fanciful or creative, and thus the mark does not have a high degree of inherent distinctiveness. We must therefore examine the degree to which the mark has acquired distinctiveness by gaining secondary meaning over time in the marketplace. To determine whether a trademark has acquired distinctiveness by the attachment of secondary meaning, we examine the following considerations: (1) the length or exclusivity of use of the mark; (2) the size or prominence of the plaintiff's enterprise; (3) the existence of substantial advertising by the plaintiff; (4) established place in the market and (5) proof of intentional copying. *I.P. Lund Trading v. Kohler Co.*, 163 F.3d 27, 42 (1st Cir. 1998). The district court concluded that "The Sporting News," although not a fanciful or arbitrary trademark, has acquired secondary meaning, and thus distinctiveness in the sports periodicals market, because it has been used in commerce since 1886 and because Times Mirror has expended millions of dollars in advertising and promoting their mark through various media outlets. Times Mirror presented evidence to support several of the

considerations for acquired distinctiveness set forth in *I.P. Lund*. We therefore conclude that the district court did not err by finding that "The Sporting News" had gained secondary meaning and a high degree of distinctiveness in its market.

2.

The district court also found that the secondary statutory factor—extent and duration of use of the mark—weighed in favor of finding the mark famous, because *The Sporting News* has been continuously published since 1886. *See* § 1125(c)(1)(B). We find that the district court did not err in this respect.

3.

The district court found that the third statutory factor—extent and duration of advertising—weighed in favor of finding the mark famous, because Times Mirror presented credible proof of extensive advertising and additional publicity from the Internet. *See* § 1125(c)(1)(C). Here, too, the district court did not err.

4.

The fourth factor is the geographical extent of the trading area in which the mark is used. *See* § 1125(c)(1)(D). Since 1886, *The Sporting News* has grown to a circulation of over 540,000 in both Canada and the United States, as well as a recent internet site. The district court found this evidence supported a finding that the mark was famous and we will not disturb it.

5.

The fifth and sixth factors for fame are the degrees of recognition of the mark in its channels of trade and the degree of recognition of the mark in the trading areas, *see* § 1125(c)(1)(E)-(F), and the seventh factor is the nature and extent of the use of a same or similar mark by third parties, *see* § 1125(c)(1)(G). The district court did not explicitly address these factors in its opinion. Nevertheless, the FTDA does not require that courts strictly apply every factor in the statute. *See* § 1125(c)(1) (providing that "a court *may* consider factors such as, but not limited to") (emphasis added). It was not an abuse of its discretion for the court to omit explicit discussion of these factors in its analysis, because the majority of the other fame factors weighed in favor of finding the mark famous.

6.

Finally, the district court determined that the eighth factor—whether the mark was registered—favored Times Mirror, because "The Sporting News" was registered in 1886. *See* § 1125(c)(1)(H).

Accordingly, we hold that the district court did not err by concluding that "The Sporting News" mark was famous in the sports periodicals market.

IV.

As a final argument against the district court's finding that "The Sporting News" mark was famous, LVSN contends that § 1125(c)(1) requires that a mark be subject to a test for fame and a separate test for distinctiveness under the FTDA.

Although some courts agree with Appellant's contention,[1] we are persuaded that this interpretation is inconsistent with the language and construction of the statute.

To be sure, § 1125(c)(1) does state that a court may consider eight statutory factors, among others, "[i]n determining whether a mark is *distinctive and famous*." 15 U.S.C. § 1125(c)(1) (emphasis added). We believe, however, that "distinctiveness" as used in § 1125(c)(1) is only a synonym for "fame." Any other reading of the statutory language will result in the statute being redundant because the first statutory factor for fame is "the degree of inherent or acquired distinctiveness" of the mark. *See* § 1125(c)(1)(A); *see also* 4 McCarthy, *supra*, § 24:91 ("[T]here is . . . no separate statutory requirement of 'distinctiveness,' apart from a finding that the designation be a 'mark' that is 'famous.' 'Distinctiveness' is used here only as a synonym for 'fame.'").[2] If a mark is famous, then it is presumed distinctive. *See Viacom, Inc. v. Ingram Enterprises, Inc.*, 141 F.3d 886, 890 n.6 (8th Cir. 1998). We conclude that there is no separate statutory requirement of distinctiveness apart from a finding of fame.

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1. *See, e.g., Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 216 n.2 (2d Cir. 1999) ("McCarthy's treatise contends that the statute does not include an independent requirement of distinctiveness. . . . We disagree.")

2. The Trademark Review Commission Report, the impetus behind the FTDA, stated: "The same type of evidence which is traditionally used to prove distinctiveness can be used to prove fame. Although the registrant is not required to prove distinctiveness apart from the import of registration, any additional evidence of distinctiveness will ordinarily be entitled to substantial weight." Report of the Trademark Review Commission, 77 Trademark Rep. 375, 459-460 (1987).

V.

LVSN argues also it was obvious error for the district court to apply Judge Sweet's test for "dilution by blurring" found in *Mead Data Central, Inc. v. Toyota Motor Sales, Inc.*, 875 F.2d 1026, 1035 (2d Cir. 1989) (Sweet, J., concurring).

Before discussing the mechanics of Judge Sweet's *Mead Data* test for dilution, we first explain how trademark dilution can occur. A trademark can be diluted two different ways: by blurring or by tarnishment. Only dilution by blurring is at issue in this appeal. "Blurring" in this context means "to make dim, indistinct or indefinite." Webster's Third New International Dictionary 243 (1968). Blurring occurs when the defendant's use of its mark causes the public to no longer associate the plaintiff's famous mark with its goods or services; the public instead begins associating both the plaintiff and the defendant with the famous mark. *See I.P. Lund*, 163 F.3d at 47-48; 4 McCarthy, *supra*, § 24:70. Dilution by blurring takes place when the defendant's use of its mark causes the identifying features of the plaintiff's famous mark to become vague and less distinctive. To prove dilution by blurring, the owner of a famous mark must prove that the capacity of its mark to continue to be strong and famous would be endangered by the defendant's use of its mark. *See* 4 McCarthy, *supra*, § 29:94.

To determine whether LVSN's use blurred, and therefore diluted, Times Mirror's mark for "The Sporting News," the district court applied the dilution factors set forth in Judge Sweet's concurrence in *Mead Data*:

1. similarity of the marks
2. similarity of the products covered by the marks
3. sophistication of consumers

4. predatory intent
5. renown of the senior mark
6. renown of the junior mark

Mead Data, 875 F.2d at 1035 (Sweet, J., concurring); *see* D. Ct. Op. at 10-11.

Several courts and commentators have criticized Judge Sweet's dilution test as the offspring of classical likelihood of confusion analysis and not particularly relevant or helpful in resolving issues of dilution by blurring. *See, e.g.*, 4 McCarthy, *supra*, §24:94.1; *see also*, e.g., *I.P. Lund*, 163 F.3d at 49-50 (reiterating the criticisms of Judge Sweet's dilution by blurring test). Instead of outright rejection of the Sweet factors, most courts have improved upon the test's shortcomings by supplementing the Sweet test with other considerations more pertinent to the issue of dilution. *See, e.g., Nabisco*, 191 F.3d at 227 ("We think it would be a serious mistake at the outset of our consideration of the new federal antidilution statute to limit ourselves to these six factors or to any other putatively definitive list."). In *Nabisco*, the Court of Appeals for the Second Circuit articulated a more complete set of factors for dilution by blurring, including

> actual confusion and likelihood of confusion, shared customers and geographic isolation, the adjectival quality of the junior use, and the interrelated factors of duration of the junior use, harm to the junior user, and delay by the senior user in bringing the action.

Id. at 228. Because we consider the dilution analysis in *Nabisco* helpful, we apply it to facts found by the district court.

The district court concluded that

> [t]his criticism [of Judge Sweet's dilution test] notwithstanding, blurring sufficient to constitute dilution requires a case-by-case factual inquiry, and in this case, the Court finds that the Sweet factors are useful in evaluating the likelihood that LVSN's use of *Las Vegas Sporting News* lessens the capacity of *The Sporting News* to identify and distinguish Times Mirror's goods or services.

D. Ct. Op. at 11-12 (internal quotation marks and citations omitted). Applying the Sweet factors, the district court concluded that Times Mirror was likely to prevail on its dilution claim based on the following facts:

> First, the two marks are similar. Not only do the two marks use dominant identical words, i.e., the words "Sporting News," but they both print those words in red lettering on a single line that spans horizontally across the publication's cover, which generally features a well-known sports figure. *Las Vegas Sporting News* and *The Sporting News* use different type styles, and LVSN outlines its mark in black whereas Times Mirror outlines its mark in black and white. The lettering thus is distinguishable, but similar nevertheless. Second, both LVSN and Times Mirror use their mark to cover a weekly publication. Third, the undisputed testimony indicated that consumers do not purchase [these] publications in a sophisticated manner, but tend to select their purchase on "impulse," largely based on the publication cover rather than the content. Fourth, the similarity of the marks and their placement on the publication cover might be coincidental, but the evidence showed that the publisher of *Las Vegas Sporting News* was aware of the *Sporting News* at the time he changed

the name of his periodical. Finally, *The Sporting News* is well known, whereas *Las Vegas Sporting News* is not.

D. Ct. Op. at 12-13. We hold that the district court did not make an obvious error in applying these facts to Judge Sweet's factors. Although the district court applied Judge Sweet's test and did not explicitly adopt the *Nabisco* factors or any other supplemental dilution factors, our application of the *Nabisco* dilution factors to the facts supports the district court's conclusion that LVSN diluted "The Sporting News" mark by blurring its distinctive qualities.

Actual confusion has been shown to exist among those selling the two publications, even though no consumer surveys were submitted to the district court during the preliminary injunction hearing. The evidence presented at the hearing supports the finding that a strong likelihood of confusion is present, because LVSN's mark and publication cover are very similar to Times Mirror's mark and the cover of *The Sporting News*. Sufficient evidence supports a finding that customers who purchase these sports publications are "unsophisticated consumers," because they often buy on impulse and because the publications are relatively inexpensive. Unsophisticated buyers lack the discrimination and "are more vulnerable to confusion, mistakes and misassociations against which the trademark protects." *Nabisco*, 191 F.3d at 220. Furthermore, LVSN has a short duration of use because its first use of its first use of its new publication name was in 1997.

Finally, Times Mirror did not unreasonably delay in bringing an action against LVSN. Times Mirror first discovered the publication *Las Vegas Sporting News* in August 1997. One month later, Times Mirror sent LVSN a cease and desist letter, thereupon triggering a series of correspondence and negotiations between the parties. Times Mirror's delay was attributable to its belief that LVSN would

change the name of its publication. Once negotiations failed, Times Mirror filed suit. Thus, Times Mirror did not unduly delay filing an action against LVSN.

After weighing the dilution factors from Judge Sweet's *Mead Data* concurrence as supplemented by the *Nabisco* analysis, we conclude that the district court did not err by finding that Times Mirror was likely to prevail on the merits of its dilution claim.

VI.

LVSN contends also that the district court erred by granting the preliminary injunction, because Times Mirror failed to show that it would suffer irreparable harm if the injunction was not issued. On this point, the district court stated:

> In the trademark context, irreparable harm may be shown even in the absence of actual injury to plaintiff's business based on plaintiff's demonstration of a likelihood of success on the merits of its claim. The Court therefore finds that in the absence of an injunction, Times Mirror will suffer irreparable harm.

D. Ct. Op. at 13-14 (internal quotation marks and citations omitted).

We have held that a lack of control over the use of one's own mark amounts to irreparable harm. *See Opticians Ass'n v. Independent Opticians*, 920 F.2d 187, 195 (3d Cir. 1990) (stating that potential damage to a mark holder's reputation or goodwill or likely confusion between parties' marks constitute irreparable injury for the purpose of granting a preliminary injunction). LVSN argues that the 15-month delay, beginning when Times Mirror was on notice of the new name of LVSN's publication and ending when Times Mirror filed suit against LVSN, necessarily shows that Times

Mirror's injury, if any, is not immediate and irreparable. This argument does not persuade us, because the 15-month delay was attributable to negotiations between the parties. We conclude that the district court did not err by determining that Times Mirror would be irreparably harmed if the preliminary injunction did not issue.

* * *

We have also considered Appellant's contentions that the district court erred by determining that the benefits from preliminary injunctive relief outweighed the injury such relief would cause LVSN and that the public interest would be served by granting Times Mirror's motion for a preliminary injunction. Neither contention has sufficient merit to warrant further discussion.

The judgment of the district court will be affirmed.

BARRY, *Circuit Judge, Dissenting.*

How famous a mark must be before it can be afforded protection under the Federal Trademark Dilution Act ("FTDA") is a question of first impression in this Circuit, a question which implicates the expansion of trademark rights under the Lanham Act and one which has received much judicial attention elsewhere since the passage of the FTDA. The correct answer to this question is of critical importance in order that an appropriate balance between free competition and property rights be maintained.[1] The majority holds that the District Court did not err in finding that "The Sporting News" mark was sufficiently famous to merit protection under the FTDA. Because I conclude that Times Mirror has now shown and, in my view, cannot show that it is likely to satisfy the threshold fame requirement, I respectfully dissent.

I.

Fame means FAME

The FTDA offers little guidance as to what is required to find a mark famous. Thus, courts must rely on legislative history and, where helpful, look to dilution theory which has developed over years of judicial interpretation of state anti-dilution statutes. Dilution theory in the United States

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1. Commentators have warned that expansion of a dilution cause of action could harm competition. *See, e.g.*, Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 Yale L. J. 1687 (May 1999); Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 Emory L. J. 367 (Spring 1999); William Marroletti, *Dilution, Confusion, or Delusion? The Need for a Clear International Standard to Determine Trademark Dilution*, 25 Brook. J. Int'l L. 659 (1999); Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. Pitt. L. Rev. 789 (Summer 1997).

emanated from a 1927 Harvard Law Review article which posited that protection against dilution would fill the gap in trademark law left by infringement theory which only provided protection when a junior user applied a deceptively similar mark to *similar* goods to confuse a competitor's consumers about the source of the goods. *See* Frank I. Schechter, *The Rational Basis of Trademark Protection,* 40 Harv. L. Rev. 813, 825 (1927). In the absence of a dilution cause of action, trademark law was unable to protect mark owners from the unauthorized use of a deceptively similar mark placed upon *dissimilar or non-competing* goods. Before passage of the FTDA, state anti-dilution statutes attempted to fill this gap in trademark law. However, because truly famous marks — and "truly" will become the operative word here — are ordinarily used on a nationwide basis but only half of the states provided remedies for dilution, Congress recognized the need for a federal anti-dilution statute. *See* H.R. Rep. No. 104-374, at 4 (1995), reprinted in 1995 U.S.C.C.A.N. 1029. Accordingly, the FTDA was passed to fill the gap and "to bring uniformity and consistency to the protection of famous marks." *See id.* at 3.

Historically, the Lanham Act has attempted to balance the two competing goals of protecting consumers and protecting a trademark owner's investment. The FTDA, however, is concerned only with the latter:

> It does not have those twin public policy goals of the laws of trademark infringement[.] As a result there may be a kind of judicial restraint about the new law. The perception may be that it does not carry any compelling need to protect the public, and that it benefits only a coterie of American business elite, not the general public.

Jerome Gilson, *2 Trademark Protection & Practice* (1999) § 5.12[1][e] at 5-272 to 5-273 (hereinafter "*Gilson*").

Moreover, there can be little doubt that Congress sought to protect only a select and narrow class of truly famous and well-recognized marks. "Without such a requirement, an anti-dilution statute becomes a rogue law that turns every trademark, no matter how weak, into an anti-competitive weapon." 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, (4th ed. 1999) § 24:108 at 24-210 (hereinafter "*McCarthy*"). "To save the dilution doctrine from abuse by plaintiffs whose marks are not famous and distinctive, a large neon sign should be placed adjacent wherever the doctrine resides, reading: 'The Dilution Rule: Only Strong Marks Need Apply.'" 4 *McCarthy* § 24:108 at 24-209; *see also* 2 Gilson § 5.12[1][b] at 5-260 (referring to class of trademarks protected by FTDA as "Supermarks").

The legislative history of the Act is crystal clear that Congress intended courts to be highly selective in determining which marks are famous and accorded those truly famous marks an unprecedented degree of protection. A 1987 Report of the Trademark Review Commission of the United States Trademark Association (USTA) emphasized how limited this universe should be: "We believe that a limited category of trademarks, those which are truly famous and registered, are deserving of national protection from dilution[.] We therefore urge the adoption of a highly selective federal dilution statute[.]" Trademark Review Commission, Report & Recommendations, 77 *Trademark Rep.* 375, 455 (1987).[2] The Report of the Senate Judiciary Committee on the precursor to the FTDA stated that the 1988 bill

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2. In 1988, legislation based on the Commission's proposal for a dilution statute limited only to "famous marks" was approved by the Senate, but did not survive in the House of Representatives. Subsequently, the Commission's proposal became, in large part, the basis for the FTDA. *See* 4 *McCarthy* § 24:87.

> creates a *highly selective federal cause of action* to protect federally registered marks that are *truly famous* from dilution of the distinctive quality of the mark. The provision is specifically intended to address a *narrow category* of famous registered trademarks where the unauthorized use by others, on dissimilar products for which the trademark is not registered, dilutes the distinctiveness of the famous work[.]
>
> Section 43(c) of the Act is to be applied selectively and is intended to provide protection only to those marks which are both truly distinctive and famous, and therefore most likely to be adversely affected by dilution. To protect these special marks, *and to ensure that the bill does supplant the current protection of trademarks based on the likelihood of confusion*, the committee amended the legislation to place *greater emphasis on the factors* the courts must weigh in determining whether a mark possesses a sufficient level of fame and distinctive quality to qualify for federal protection from dilution.

S. Rep. No. 100-515 (reproduced in 6 *McCarthy* App. A5, at 41-42 (emphasis added). Examples of truly famous marks cited in a House Report on the FTDA included "Buick", "Dupont", and "Kodak". *See* H.R. Rep. No. 104-374, at 4 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1031. In a nutshell, the legislative history amply supports the conclusion that the FTDA should be restricted to a narrow category of marks, ensuring that it does not swallow infringement law by allowing mark owners to end-run a likelihood of confusion analysis which they fear — or, indeed, know — they cannot win.

Despite Congressional intent that the FTDA protect only a narrow category of truly famous marks, some early judicial interpretations of the Act granted dilution protection after engaging in only a cursory analysis (or no analysis at all) of

the fame of the mark. *See, e.g., Gazette Newspapers, Inc. v. New Paper, Inc.*, 934 F. Supp. 688, 696-97 (D. Md. 1996) (no separate analysis of fame); *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*, No. 96-130, 1996 WL 84853 (W.D. Wash. Feb. 9, 1996) (entering preliminary injunction on dilution claim without discussing fame). Little if any analysis, of course, would be required to find marks such as "Buick", "Dupont" or "Kodak" truly famous or, in the context of sports with which we deal here, that the mark "New York Yankees" is so famous that even non-sports fans are well aware of it. If, however, marks which are not such household names can be protected by the Act — and, in my view, that is a big "if" — those marks must be subjected to a rigorous analysis. As one commentator has noted with some alarm:

> [C]ourts thus far have shown little inclination to limit protection to the truly famous marks envisioned by the drafters of the [FTDA]. Instead, the courts, when they acknowledge the fame requirement at all, simply state a mark's fame in conclusory terms without attention to the eight fame factors. Unless courts strictly adhere to the admittedly vague dictates of the federal dilution statute, federal dilution protection will surely give rise to a broad regime of trademark rights in gross.

Robert N. Klieger, Trademark Dilution: *The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. Pitt. L. Rev. 789, 68 (Summer 1997).

This concern has not gone unnoticed, and courts are now taking pains to emphasize the rigor of the fame requirement. For example, the Ninth Circuit recently set itself apart from the expansive interpretations of the FTDA by other courts by vacating a permanent injunction after finding that plaintiff's trademarks were not sufficiently famous for FTDA protection and remanding with instructions to enter summary judgment

for defendant. *See Avery Dennison Corp. v. Sumpton,* 189 F.3d 868 (9th Cir. 1999). There, Avery Dennison, the seller of office supplies and industrial fasteners, sued and Internet e-mail business which offered "vanity" e-mail addresses, alleging that defendant's maintenance of the domain name registrations <avery.net> and <dennison.net> diluted Avery Dennison's trademarks. The "Avery" mark had been in continuous use since the 1930s and had been registered since 1963. The "Dennison" mark had been in continuous use since the late 1800s and registered since 1908. *See Avery Dennison,* 189 F.3d at 873. Avery Dennison's annual advertising expenditures exceeded $5 million, and its annual sales reached $3 billion (although no evidence indicated what percentage of these dollar figures applied exclusively to the "Avery" or "Dennison" trademarks as opposed to the company's other marks). *See id.* Avery Dennison also maintained its own website.

After reviewing dilution theory and the legislative intent behind the FTDA, the Court emphasized the role of the fame requirement in "reinstating the balance" in the Lanham Act to avoid "over-protecting trademarks, at the expense of potential non-infringing uses." *Id.* at 875. Despite the fact that the registered marks had acquired distinctiveness and that four of the eight statutory fame factors favored a finding that the marks were famous, the Ninth Circuit held that, as a matter of law, Avery Dennison had failed to meet its burden of proving fame for two reasons. *Id.* at 876-77. First, while recognizing that fame in a "specialized market segment" might be adequate if the "diluting uses are directed narrowly at the same market segment," the Court noted that Avery Dennison provided no evidence of customer overlap or that defendant's customers possessed any degree of recognition of plaintiff's marks. *Id.* at 877-78. Second, widespread thirty-party use of the names "Avery" and "Dennison" undermined the famousness of the marks. *Id.* at 878. Thus, the Court held

that the marks were not entitled to protection under the FTDA. *See also I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 46 & 49 (1st Cir. 1998) (finding mark not famous and noting "mark [must] be truly prominent and renowned"; "courts should be discriminating and selective in categorizing a mark as famous"); G. Kip Edwards, *Developments in Dilution Law*, 579 PLI/Pat 209, 217 (Nov.-Dec. 1999) (noting that many early judicial interpretations of the FTDA neglected to heed Congressional intent that the Act be applied sparingly to truly famous marks and mistakenly granted protection to marks that were "famous" only within a specialized market niche (citing *Gazette Newspapers*), but noting that the "pendulum may be swinging back toward protection only of truly famous marks" (citing *Avery Dennison*)).

If one heeds the legislative history, it is simply beyond the pale to find "The Sporting News" mark to be another "Buick", "Dupont", or "Kodak", names which have long been associated in the public's eye with a particular company or a particular product and which immediately strike one as being truly famous. Stated somewhat differently, to find that "The Sporting News" mark meets the fame requirement, thus entitling it to the extraordinary protection the FTDA provides — a nationwide injunction — would defeat Congress's deliberate design.

II.

Insufficient evidence of fame

The majority, after paying lip service to the fame requirement, holds that the District Court did not err by concluding that "The Sporting News" mark is famous in the sports periodicals market, a "niche market". I disagree. For starters, the legislative history does not mention much less

embrace a so-called "niche market" theory of fame.[3] Beyond that, the niche market theory risks lowering the bar for trademark protection unless it is applied prudently to cases which clearly call for such an analysis, and this is not one. For one thing, *The Sporting News* is directed at the general public via subscriptions and at newsstands, thereby begging the question: is not the general public the appropriate universe for assessing the fame of the mark? But even if fame exclusively within the sports periodicals market would be enough to establish fame under the FTDA, the paltry evidence here does not permit any such finding. Moreover, I take issue with the rather cursory discussion by the majority, and by the District Court, of the eight statutory factors for fame.

The fundamental problem with the majority's application of the niche market theory, sometimes known as the "big fish in a small pond theory," to the facts of this case is that it is hard to conceive of any consumer goods or services that are

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3. The only reference in the legislative history that even comes close to suggesting a so-called "niche market" theory is found in a discussion of the degree of a mark's recognition, where the Trademark Review Commission noted that dilution might occur with respect to one universe of consumers, but not necessarily to another. "For example, if a mark is famous at the industrial level but not at the consumer level, protection may be appropriate at the industrial level but not at the consumer level." *77 Trademark Rep.* at 461. This reasoning may provide the basis for the application of a niche market theory within a specialized industrial niche. *See, e.g., Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 192 F.3d 633, 640 (7th Cir. 1999) (finding niche market fame sufficient under circumstances in which both parties operated within the narrow *wholesale* market for plastic baskets used for funeral floral bouquets); *Avery Dennison*, 189 F.3d at 877-78 (involving markets for office products, industrial fasteners and e-mail addresses); *Teletech Customer Care Management (California), Inc. v. Tele-Tech Co., Inc.*, 977 F. Supp. 1407 (C.D. Cal. 1997) (involving "teleservicing industry" where both parties provided services for large corporate clients).

not in a narrow market of some type, be it luxury cars, cameras, or sporting publications.

> Courts approving the "big fish in a small pond" theory of trademark dilution fail to recognize that it threatens to overrun trademark infringement law. Trademark infringement law permits similar, or even identical, marks to coexist on non-competing goods. If even a locally famous mark can preclude all other marks in every channel of trade, then conceivably every trademark can be used to create a monopoly in a word or symbol — a proposition clearly contrary to the intent and practice of trademark law. It is possible to find virtually any mark to be "famous" within some market, depending on how narrowly that market is defined.

Courtland L. Reichman, *State and Federal Trademark Dilution*, 17 Franchise L. J. 111, 133 (Spring 1998).

If marks can be "famous" within some market, depending on how narrowly that market is defined, then the FTDA will surely devour infringement law. Indeed, the unauthorized use of a mark in the same or a similar market is precisely what good old-fashioned infringement principles have traditionally been there to remedy once actual confusion or likelihood of confusion has been shown, and there is simply no need for dilution principles. Can one imagine a clearer case for application of those principles than if one were to begin manufacturing automobiles and calling those automobiles "Buick"? Similarly, if the parties here operate within the sports periodicals market, then this case, at least in my view, ~~is~~ a garden variety infringement case, and the complaint alleges just that.

Congress was quite clear, however, that the FTDA was not designed for situations in which ordinary infringement law provided a remedy but, rather, for those situations in

which a truly famous mark *on dissimilar products* deserves, but cannot receive, protection under infringement law — those situations in which, for example, no one would ever confuse that truly famous mark with the goods or services to which it has been wrongly attached. Congress was explicit as to where protection was warranted: "DUPONT shoes, BUICK aspirin, and KODAK pianos." H.R. Rep. No. 104-374, at 4 (1995), reprinted in 1995 U.S.C.C.A.N. at 1030. The extensive relief the FTDA authorizes, which gives the owner of the famous mark a virtual monopoly by precluding all others from using the mark "regardless of the presence or absence of . . . competition between the owner of the famous mark and other parties, or likelihood of confusion," is itself something federal trademark law had not before seen, and surely was not meant to be accorded to any marginally "famous" mark. 15 U.S.C. § 1127. It follows inexorably that if a mark is famous in the general public, it is also famous in its niche market and, in such a case, dilution and infringement theories need not be mutually exclusive. Before, however, a Court categorically adopts the theory that a mark that is not generally renowned, but famous only in its niche market, is entitled to protection under the FTDA, the evidence of fame should be rigorously examined. Had such an examination been performed here, only one conclusion could have been reached: the evidence of fame is woefully lacking.

A. Factor (F)

The FTDA lists eight non-exclusive statutory factors for fame which a court may but is not required to consider. The "may" is important because it would make little sense to require that a mark which immediately strikes one as truly famous — again, "Buick", "Dupont", or "Kodak" — be analyzed for fame in accordance with these factors, although certainly such an analysis would confirm the immediate

impression of fame. The less truly famous a mark is, however, the more rigorous the analysis of the statutory factors must be in light of the evidence of record.

It is Factor (F), "the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought," which gives the FTDA's fame requirement its "teeth." As the majority notes, however, the District Court did not explicitly address this factor — and neither did the majority.

The guidance which Factor (F) affords to courts is somewhat murky. The Act, for example, does not define "channels of trade," although presumably that phrase means the chain of distribution of the goods featuring the mark in question, *i.e.* the route by which the goods travel to the ultimate consumer — here, from the publisher to the reader. Importantly, although Factor (F) focuses the analysis on the channels of trade in which the parties operate, it does not dictate the conclusion that fame solely within those channels of trade is enough for protection under the FTDA.

According to the legislative history, a finding of fame "requires *substantial renown* or fame within both the trading area of the mark and the trading area of the other party to the dilution suit." S. Rep. No. 100-515 (reproduced in 6 *McCarthy* App. A5, at 43)(emphasis added); *see also* 77 *Trademark Rep.* at 461 (advocating that a mark "should be well known to a *substantial portion* of the relevant purchasers of the goods or services.") (emphasis added). This, I note, is a *higher* standard than the "appreciable number of persons" standard applied in an infringement action in which a plaintiff may prevail only if it shows that an appreciable number of ordinarily prudent purchasers of the type of product in question are likely to become confused as to the source of the goods by the defendant's use of the mark.

See 77 *Trademark Rep.* at 461; 4 *McCarthy* § 24:92 at 24-163.

The crux of any discussion of Factor (F) is whether Times Mirror is likely to prove that its mark is recognized by a substantial portion of LVSN's potential consumers. Again, the FTDA does not quantify the requisite "degree of recognition". Consequently, some commentators have called for a clear percentage cut-off for consumer recognition. McCarthy, for example, recommends that a plaintiff's mark must be known by more than 50% of the defendant's potential customers in order to be considered "famous". *See* 4 *McCarthy* § 24:92 at 24-164; *see also* Xuan-Thao N. Nguyen, *The New Wild West: Measuring and Proving Fame and Dilution Under the Federal Trademark Dilution Act*, 63 Albany L. Rev. 201, 233 (1999)(advocating a 40% rate of recognition among defendant's potential customers in a nationwide survey). While I am not wed to any specific minimum percentage for consumer recognition, I do take issue with the fact that Times Mirror has been granted a preliminary injunction without offering *any evidence whatsoever of consumer recognition* in LVSN's channel of trade.[4]

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4. The majority averts its gaze from what little evidence does exist relating to either party's channel of trade. The majority of LVSN copies (approximately 22,000 out of 42,000 in circulation) are made available at no charge in Nevada. Many others are available at no charge at casinos in Mississippi, Louisiana, Atlantic City, New Jersey and Foxwood, Connecticut. Only a small percentage of copies is sold at newsstands. Of the approximately 10,000 to 11,000 copies sent to a couple of hundred newsstands in a handful of states, only approximately 1,500 are actually sold; the rest are returned to the publisher. By contrast, *The Sporting News* is available nationwide through subscriptions and at newsstands.

In addition, the record does not evidence much if any overlap in advertising revenues or readership. Because LVSN is given away at casinos, it survives primarily on its advertising revenues. LVSN's

In the absence of evidence indicating that consumers in LVSN's channel of trade recognize Times Mirror's mark, it was wrong, in my view, for the District Court and the majority to conclude that the publications share a common market and that the mark is famous within that market. *The Sporting News*, moreover, is available at newsstands to members of the *general public*, just as Buick automobiles and Kodak film are available to the general public. Accordingly, to be entitled to a preliminary injunction, it was incumbent upon Times Mirror to demonstrate that it is likely to succeed in proving that its mark is truly famous among members of the general public and, although this should follow almost automatically, that its mark is recognized by a substantial portion of LVSN's consumers — those who like to gamble, who read gambling publications, or who frequent casinos. Such a showing is typically achieved through a properly-conducted recognition survey.[5] Certainly, Times Mirror had

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advertisers tend to be "casinos, paging companies, [and] handicappers." *Times Mirror*, 1999 WL 124416, *2. *The Sporting News*, on the other hand, advertises, *inter alia*, sports memorabilia, collectibles, commemorative collections, apparel, sporting equipment, tobacco products and automobiles. LVSN's competitors for advertising dollars and readership are not sports magazines, but gambling publications, such as *Gaming Today, Atlantic City Magazine and Casino Player*. *The Sporting News* reports on the six major spectator sports; LVSN reports not only on sports gambling, but also on gambling on horse racing, car racing, roulette, craps, blackjack, slots — and presidential elections.

5. *See, e.g., Star Markets, Ltd. v. Texaco, Ltd.*, 950 F. Supp. 1030, 1033 & 1035 (D. Haw. 1996)(secondary meaning survey found 75% of respondents associated mark "Star" with plaintiff's grocery stores; recognition survey found that over 96% of respondents recalled plaintiff's mark when asked to name any grocery store); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. Of Travel Development*, 955 F. Supp. 605, 612 n.4 (E.D. Va. 1997)(40% of respondents to recognition survey associated phrase "Greatest Show on Earth" with plaintiff's circus), *aff'd*, 170 F.3d 449 (4th Cir 1999), *cert. denied*, 120 S. Ct. 286 (1999); *Hershey Foods Corp. v. Mars, Inc.*, 998 F. Supp. 500, 517 (M.D.

ample time and notice (sixteen months passed between its discovery of LVSN's title and the preliminary injunction hearing) to conduct a recognition survey of its mark and/or a survey to determine whether its mark would be affected by the presence of LVSN's title in the marketplace.[6]

Assuming, *arguendo*, that a showing of fame only within the sports publication market suffices for protection under the FTDA, Congress's intent to reserve dilution protection for a select and narrow category of truly famous marks cannot be glossed over, as the majority has done, by an unsupported finding that "The Sporting News" mark is famous within its niche and recognized by a significant portion of *Las Vegas Sporting News* readers. "A preliminary injunction may not be based on facts *not* presented at a hearing, or not presented through affidavits, deposition testimony, or other documents, about the particular situation [ ] of the moving part[y]." *Adams v. Freedom Forge Corp.*, 204 F.3d 475, 487 (3d Cir. 2000). Times Mirror has simply not come forward with any evidence of "the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought." 15 U.S.C. § 1125(c)(l)(F). This failure weighs formidably against any conclusion that Times Mirror is likely to succeed on its dilution claim.

Pa. 1998) (94% of respondents recognized orange, brown and yellow packaging of non-labeled peanut butter candy as Reese's brand).

6. Between 1997 and 1998, The Sporting News spent $500,000 to study the market's perception of its title. *See* "In Brief: The More, The Merrier," *Media Daily*, Mar. 2, 1998. The results of this study were not, however, introduced into evidence.

B. The remaining factors

Examination of the remaining statutory factors underscores the inadequacy of the evidence offered by Times Mirror. Factor (A), the degree of inherent or acquired distinctiveness of the mark, encompasses more than simply whether "The Sporting News" mark has inherent distinctiveness or has acquired distinctiveness through secondary meaning, as it must to be eligible for protection under the Lanham Act. This factor suggests that the *degree* of the mark's distinctiveness is relevant to the fame inquiry. As discussed below with regard to Factor (G), the degree of a mark's distinctiveness is weakened by third party use of the mark and by the descriptive nature of the mark. Therefore, while this factor favors Times Mirror, it does so only slightly.

Factor (B), the duration and extent of the use of the mark, means more than simply the length of time "The Sporting News" mark has been in use, but also the breadth of its distribution. Times Mirror did not introduce evidence of *The Sporting News's* sales figures either *in toto* or broken down by source, *i.e.* newsstand, subscription, advertising, or Internet, relying only on its weekly circulation of half a million copies in Canada and the United States. It cannot be seriously argued that this weekly circulation is not small relative to other major publications, including sports magazines, and not small *period* given the population of those countries.[7] Thus, despite over one hundred years of publication of an inexpensive product distributed in countries in which there is a huge interest in, and concomitant market

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7. *See* Bill Wallace, "Web Hits Becomes Baseball's New Statistic, *Knight-Ridder Tribune Business News*, Feb. 22, 2000, available at 2000 WL 14920170 (comparing distribution rates of sports publications — 3.2 million weekly distribution of *Sports Illustrated*, for example — and noting "second-tier" *Sporting News's* half million "static circulation" rate.)

for, anything to do with sports, the relatively limited extent of *The Sporting News's* circulation certainly does not compel the conclusion that the mark has generated a mental association among consumers sufficient to support a finding of fame.

Factor (C) addresses how widely and frequently a mark has been advertised or publicized which, in turn, suggests the public's familiarity with the mark. *See* 4 *McCarthy* § 24:92. Times Mirror presented evidence that it advertises primarily by direct mail, but also on television and "occasionally" on the radio in "selected markets". It did not, however, provide evidence of its annual advertising expenses, nor did it detail where, when, or how the mark has been advertised. Moreover, the unadorned fact that Times Mirror has an Internet website, a fact the majority noted, is of little significance because there is no evidence regarding the extent of sales or advertising on the Internet, nor is there any evidence regarding, for example, the number of "hits" received from visitors to the website which would assist in determining the degree of consumer recognition of the mark.[8]

The FTDA, I note, does not specify quantitative measurements for Factors (B) and (C), such as a basic minimum for sales or advertising. When, however, the evidence supporting these factors in this case is compared to that in dilution cases in which the mark has been deemed

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8. The District Court's fame analysis appears to have added an additional factor to the eight statutory factors in emphasizing that "Times Mirror has spent millions of dollars improving the magazine." *Times Mirror*, 1999 WL 124416, *5. Large expenditures aimed at retooling a product do not contribute to establishing fame unless it can be shown that those efforts were effective among the relevant group of consumers. While it is possible that a company's investment in its product may result in the heightened fame of its mark, it is far from clear whether that has occurred here.

"famous", Times Mirror's evidence of sales revenue and advertising expenditures falls short.[9]

Factor (G) clearly favors LVSN. Factor (G) takes into account the possibility that third party use of the mark or elements of the mark has already diluted the mark's strength, thereby rendering the mark less famous. *See 77 Trademark Rep.* at 461 ("Third party uses of the same or similar marks are relevant in determining the fame and distinctiveness of the mark, since the mark must be in substantially exclusive use. If a mark is in widespread use, it may not be famous for the goods or services of one business.").[10]

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9. *See*, for example: *Eli Lilly & Co. v. Natural Answers, Inc.*, __ F. Supp. 2d __, No. 99-1600, 2000 WL 223585, *2, 16 (S.D. Ind. Jan. 20, 2000)(finding "Prozac" famous; $12 billion in sales over twelve year period and "massive" unsolicited publicity rendering mark part of the "popular lexicon"); *Planet Hollywood (Region IV), Inc. v. Hollywood Casino Corp.*, 80 F. Supp. 2d 815, 840 (N.D. Ill. 1999)(finding "Planet Hollywood" mark famous and noting annual sales of more than $195 million in merchandise bearing mark); *NBA Properties v. Untertainment Records, L.L.C.*, No. 99-2933, 1999 WL 335147, *7 (S.D.N.Y. May 26, 1999)(finding NBA logo famous; logo appeared on $1.6 billion of merchandise over three year period and mark was widely promoted); *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999) (finding Pepperidge Farm Goldfish crackers famous; $120 million three year marketing campaign and $200 million annual net sales); *Ringling Bros.*, 955 F. Supp. at 609 (finding slogan "Greatest Show on Earth" famous; over $103 million in annual sales derived from goods bearing slogan and over $19 million in annual advertising expenditures); *American Exp. Co. v. CFK, Inc.*, 947 F. Supp. 310, 312 (E.D. Mich. 1996)(finding slogan "Don't Leave Home Without It" famous; over $600 million in marketing expenditures over six years).

10. *See, e.g., Avery Dennison Corp v. Sumpton*, 189 F.3d 868 (9th Cir. 1999); *Carnival Corp. v. SeaEscape Casino Cruises*, Inc., 74 F. Supp. 2d 1261, 1271 (S.D. Fla. 1999)("the word 'fun' is used by many other businesses in the travel, gaming, and entertainment industries . . . cut[ting] against Carnival's dilution claim"); *Michael Caruso & Co., Inc. v. Estefan Enterprises, Inc.*, 994 F. Supp. 1454, 1463 (S.D. Fla.

The words "sporting" and "news" are commonplace words in our vocabulary appearing on many items, not only publications. The majority does not acknowledge that at least six other publications use the word "sporting" in their titles: *Grays Sporting Journal*, *Southern Sporting Journal*, *Sporting Thoughts*, *The Sporting Scene*, *The Sporting Life* and *Sporting Green*. LVSN's use of the word "sporting" in its title describes the magazine's content. "Sporting" is defined, in this record, as "involving betting or gambling as sporting men. Involving or inducing the taking of risk as a sporting proposition." In *Viacom, Inc. v. Ingram Enters.*, 141 F.3d 886 (8th Cir. 1998), the Eighth Circuit held that while the trademark "Blockbuster" for a chain of video stores was strong for purposes of an infringement analysis, the mark's strength was not necessarily sufficient to sustain a claim for dilution-by-blurring due to the ordinariness of the word "Blockbuster". *See* 141 F.3d at 891-92. The court noted that "the fact that Viacom is seeking a complete monopoly on the

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1998)(extensive third party use of word "bongo" undermines inherent distinctiveness of mark), *aff'd without opinion*, 166 F.3d 353 (11th Cir. 1998); Hershey, 998 F. Supp. at 517 (finding trade dress not sufficiently famous and noting several examples of third party's trade dress in food industry similar to plaintiff's color combination and lettering); *Sports Authority v. Abercrombie & Fitch, Inc.*, 965 F. Supp. 925, 941 (E.D. Mich. 1997)(third-party use of "authority," whether or not in the relevant market, diminishes any distinctive or famous aspects of mark rendering it "not so famous as to deserve protection" under the FTDA); *Trustees of Columbia University v. Columbia/HCA Healthcare Corp.*, 964 F. Supp. 733, 744 & 750 (S.D.N.Y. 1997)(fame of mark "Columbia" for healthcare services "has been seriously underminded by third party use of the same or similar marks" both within the health care industry and in other industries); *Star Markets*, 950 F. Supp. at 1035 (noting multiple third party uses of *"Star"* and *"Star Markets"* in food industry and unrelated industries); *Golden Bear Int'l, Inc. v. Bear U.S.A., Inc.*, 969 F. Supp. 742, 749 (N.D. Ga. 1996)(third parties extensively used both the word "bear" and a bear design in connection with the sale of sporting goods and clothes).

use of a rather common word with multiple meanings would make us hesitate to uphold summary judgment on its dilution-by-blurring claim." *Id.* (citing 3 *McCarthy* § 24:114 at 24-208) (dilution "is a potent legal tool, which must be carefully used as a scalpel, not a sledgehammer."). Third party use of the commonplace elements of Times Mirror's mark weakens its fame. Factor (G), therefore, strongly favors LVSN.

The legislative history indicates that the eight factors should be weighed independently "and it is the cumulative effect of these considerations which will determine whether a mark qualifies for federal protection from dilution." S. Rep. 100-515 (reproduced in *6 McCarthy* App. A5, at 42). Moreover, the factors should be interpreted flexibly "so that their relative weight in any given case can be balanced." *Hershey Foods Corp. v. Mars, Inc.*, 998 F. Supp. 500, 504 (M.D. Pa. 1998). In *Hershey*, for example, the District Court found that even though six of the eight enumerated statutory factors favored Hershey (inherent distinctiveness, degree of consumer recognition, duration and extent of use, advertising and publicity, geographical extent of trading area and widespread distribution channels), Hershey's trade dress was unlikely to meet the statute's stringent fame requirement because of third party use of the same aspects of the trade dress and because it was not registered. Here, Factors (B), (D) and (H) favor Times Mirror because "The Sporting News" is a registered mark used continuously for over 100 years nationwide. However, there is little evidence going to Factor (B)'s extent of sales. Times Mirror has offered little or no evidence going to factors (C), (E) and (F). Factor (G) weighs strongly against Times Mirror. Finally, because third party use and the descriptive nature of the mark tend to weaken its distinctiveness, Factor (A) only slightly favors Times Mirror.

In my view, the District Court failed to sufficiently evaluate the mark — it did not consider several of the statutory factors, nor did it qualitatively weigh those factors it did consider. Even if a mark not immediately recognizable by the general public can, nonetheless, meet the fame requirement of the FTDA, and I do not believe it can, at this preliminary stage, based upon the inadequate record before us, I cannot agree that Times Mirror is likely to succeed in proving the fame of its mark.[11]

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11. My disagreement with the majority rests primarily on my conclusion that Times Mirror has not come close to satisfying the threshold requirement of fame to qualify for protection under the FTDA. It goes without saying, therefore, that I would also disagree that Times Mirror was likely to prevail on its dilution claim. One observation: the majority holds that the District Court did not err in applying what have become known as the "Sweet factors" to determine LVSN's use blurred and, therefore, diluted, Times Mirror's mark for "The Sporting News". In addition to the Sweet factors, which have been roundly criticized, the majority appears to have adopted the multiple factor test articulated in *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999), which includes the factor of likelihood of confusion, a factor which is required in a standard infringement analysis, but not in a dilution analysis. While I have no difficulty with adopting an appropriate list of factors for consideration, I note that we are the only Circuit to have considered the applicability of the Sweet factors — and the Nabisco factors — which has not articulated a specific critique or rejected some or all of the factors. We should do so as well.

The majority also holds that the District Court did not err in finding that irreparable injury may be shown even in the absence of actual economic harm, presumably siding with the Second Circuit and rejecting the Fourth Circuit's position on the issue. *Compare Ringling Bros.- Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Development*, 170 F.3d 449, 461 (4th Cir. 1999), cert. denied, 120 S. Ct. 286 (1999), *with Nabisco*, 191 F.3d at 223-24. I agree, and note only that it would be well-nigh impossible for a widely sold product such as Kodak to show that its sales have been impacted by a diluting use of its mark. Indeed, Kodak's sales might well be increasing even as the distinctiveness of its truly famous mark is being whittled away by an unauthorized user. *See* S. Rep.

III.

Conclusion

The FTDA grants broad discretion to the federal courts and, as one commentator has remarked, "it is up to the judiciary to apply such potent laws with care and common sense lest they damage the competitive systems they are designed to enhance." 4 *McCarthy* § 24:114 at 24-222. Lax interpretation of FTDA requirements forecasts easier lawsuits for trademark owners who will use a dilution cause of action as a "tack-on" to an infringement claim in the event that likelihood of confusion cannot be shown, and even when, as perhaps here, it can. *See* Klieger, *Trademark Dilution*, 58 U. Pitt. L. Rev. at 64 ("It may just be a matter of time before dilution eclipses confusion as the gravamen of most federal trademark actions and trademark rights in gross displace consumer protection as the defining feature of United States Trademark law."); *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 48 (1st Cir. 1998)("Dilution laws are intended to address specific harms; they are not intended to serve as mere fallback protection for trademark owners unable to prove trademark infringement.").

Naturally, when a court rules on a motion for a preliminary injunction, it makes an initial judgment based on an incomplete factual record; its findings of fact and conclusions of law are subject to revision based on additional discovery. The stakes are, nonetheless, high; here, for example, had the injunction not been stayed with the consent of the parties, lowering the bar for the fame requirement

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No. 100-515, at 108 (noting that distinctive quality of a mark "could be materially reduced during a period of rising sales").

would have forced LVSN to alter its publication at great cost or cease publishing altogether.[12]

Yet again, we have recently stressed our respect for the extraordinary nature of the preliminary injunction power and the fact that "the use of judicial power to arrange relationships prior to a full determination on the merits is a weighty matter" to be reserved for extraordinary situations. *Adams v. Freedom Forge Corp.*, 204 F.3d 475, 487 (3d Cir. 2000). This is surely not such a situation. I would vacate the preliminary injunction.

A True Copy:

Teste:

Clerk of the United States Court of Appeals
for the Third Circuit

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12. A District Court's review of the merits of a dilution claim at the preliminary injunction stage may also be significant because, as at least one court has held, the cause of action is essentially equitable in nature and may not provide a right to a jury trial. See *Ringling Bros.*, 955 F. Supp. 598, 605 (E.D. Va. 1997), *aff'd on other grounds*, 170 F.3d 449 (4th Cir. 1999)(reserving constitutional issue for another day), *cert. denied*, 120 S. Ct. 286 (1999); *see also* 25 U.S.C. §§ 1116(a), 1117(a), 1118; 2 *Gilson* § 5.12[1][c][vii].

Filed May 3, 2000

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

No. 99-1299

TIMES MIRROR MAGAZINES, INC.

v.

LAS VEGAS SPORTS NEWS, L.L.C.,
d/b/a LAS VEGAS SPORTING NEWS,
Appellant.

On Appeal from the United States District Court
for the Eastern District of Pennsylvania
(D.C. No. 98-cv-05768)
District Judge: Honorable Bruce W. Kauffman

Argued: January 13, 2000

Before: Alito, Barry and Aldisert, *Circuit Judges.*

(Opinion Filed: April 28, 2000)

ORDER AMENDING SLIP OPINION

It is HEREBY ORDERED that the Slip Opinion filed in this case on April 28, 2000, be amended as follows:

(1) Page 2, para. 1 ("The issue on appeal . . .") should be deleted in its entirety and replaced with the following two paragraphs:

In 1886 the phrase "The Sporting News" was granted federal trademark protection and since that time it has been the banner headline of a weekly publication entitled *The Sporting News*. The mark is now owned by its publisher, Times Mirror Magazines, Inc. This appeal requires us to decide if Times Mirror was entitled to a preliminary injunction enjoining a publisher from using the name *Las Vegas Sporting News*.

Applying the relatively new Federal Trademark Dilution Act of 1995, U.S.C. § 1125(c) ("FTDA" or "Act"), the district court issued the injunction against Las Vegas Sports News, L.L.C., d/b/a Las Vegas Sporting News ("LVSN"), from using the name on its weekly sports-betting publication. The court concluded that Times Mirror was likely to succeed on the merits of its dilution claim against LVSN, because the mark was "famous" in its niche market and LVSN's use of the title on its publication diluted the Times Mirror's mark by blurring its distinctiveness.

(2) Page 3, Section I, first para. ("In 1886 . . .") should be deleted without replacement.

(3) Page 14, Section IV, second para. ("To be sure, § 1125(c)(1) . . .") should be deleted and replaced with the following four paragraphs:

The federal dilution statute must not be considered *in vacuo*, especially where as here the senior mark is registered in the U.S. Patent and Trademark Office. The trademark registration statute 15 U.S.C. § 1052 emphasizes that a mark that is "merely descriptive" shall not be entitled to federal registration, *see* § 1052(e), unless the mark acquires secondary meaning. *See Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1228 (3d Cir. 1978). We have already demonstrated in Part III.B.1, *supra*, that "The Sporting News" has acquired secondary meaning and "has

become distinctive" in its market. *See* § 1052(f) ("[N]othing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce.").

J. Thomas McCarthy, the leading commentator on the subject, states:

> In the author's view, there is in [§ 1125(c)(1)] no separate statutory requirement of "distinctiveness," apart from a finding that the designation be a "mark" that is "famous." "Distinctiveness" is used here only as a synonym for "fame." Even if "distinctiveness" is regarded as a separate requirement, it would, in the author's view, be redundant. To be a "mark" eligible in the first place for protection under [§ 1125(c)(1)], basic trademark principles dictate that a designation has to be "distinctive" either inherently or through acquisition of secondary meaning.

4 McCarthy, *supra*, § 24:91 (footnotes omitted).[1]

McCarthy explains the legislative history behind § 1125(c)(1)'s "distinctive and famous" language:

> The 1987 Trademark Review Commission Report, the genesis of the language contained in the 1996 federal Act, said that the dual mention of both "distinctive and famous" in the introduction to the list of factors was inserted to emphasize the policy goal that to be protected, a mark had to be truly prominent

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1. The Trademark Review Commission Report, the impetus behind the FTDA, stated: "The same type of evidence which is traditionally used to prove distinctiveness can be used to prove fame. Although the registrant is not required to prove distinctiveness apart from the import of registration, any additional evidence of distinctiveness will ordinarily be entitled to substantial weight." Report of the Trademark Review Commission, 77 Trademark Rep. 375, 459-460 (1987).

> and renowned. The double-barreled language "distinctive and famous" reflected the goal that protection should be confined to marks "which are both distinctive, as established by federal registration at a minimum, and famous, as established by separate evidence." The Commission inserted the term "distinctive" as hyperbole to emphasize the requirement that the mark be registered, for without inherent or acquired distinctiveness, the designation would not have been a mark that should have federally registered in the first place. The Trademark Review Commission Report reveals that the Commission saw distinctiveness and fame as two sides of the same evidentiary coin which requires widespread and extensive customer recognition of the plaintiff's mark. However, when in the 1995 House amendment, the requirement of federal registration was dropped from the Bill, Congress neglected to also drop the mention of "distinctive" introducing the list of factors. Thus, the word "distinctive" was left floating in the statute, unmoored to either any statutory requirement or underlying policy goal.

Id. (footnotes omitted).

Accordingly, we are not persuaded that a mark be subject to separate tests for fame and distinctiveness. In any event, we have already addressed in separate contexts the famousness and distinctiveness of "The Sporting News." *See supra* Part III.A (fame in niche market); *supra* Part III.B.I (distinctiveness acquired from secondary meaning). Having decided that Times Mirror has proved that its mark had gained secondary meaning and a high degree of distinctiveness in the market, there is no necessity for proving an additional test of distinctiveness. *See Viacom, Inc. v. Ingram Enterprises, Inc.*, 141 F.3d 886, 890 n.6 (8th Cir. 1998).

(4) Page 15, Section V, para. 2 ("Before discussing . . ."), delete the first three sentences of this paragraph without replacement; and on Page 18, Section V, one sentence after the citation to the District Court Opinion (D. Ct. Op.), delete the sentence "Although the district court applied . . . by blurring its distinctive qualities" without replacement.

(5) Page 18, Section V, first full para. on the page ("Actual confusion has been shown . . .") should be deleted without replacement.

(6) Page 18, Section V, second full para. on the page ("Finally, Times Mirror did not . . .") should be deleted without replacement.

By the Court:

/s/ Ruggero J. Aldisert
Circuit Judge

Dated: May 3, 2000

A True Copy:
Teste:

Clerk of the United States Court of Appeals
for the Third Circuit.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

TIMES MIRROR MAGAZINES, INC.	:	
v.	:	CIVIL ACTION
LAS VEGAS SPORTS NEWS, L.L.C. dba LAS VEGAS SPORTING NEWS	:	NO. 98-CV-5768

MEMORANDUM & ORDER

Kauffman, J. March 4, 1999

Times Mirror Magazines, Inc. ("Times Mirror") has moved for a preliminary injunction to protect its trademark THE SPORTING NEWS against infringement by Defendant, Las Vegas Sports News, L.L.C. d/b/a Las Vegas Sporting News ("LVSN"). The Complaint charges LVSN with infringing Times Mirror's registered trademark in violation of section 32 of the Lanham Act, 15 U.S.C. § 1114(1) (1997); with false designation of origin in violation of section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1998); with trademark dilution in violation of section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c) (1998); and with common law unfair competition and infringement.

A preliminary injunction hearing was held on December 3, 1998.[1] Supplemental briefs were thereafter filed. Based on

1. Five witnesses testified at the hearing: the vice president and general manager of "The Sporting News," John Kastberg; a licensed private investigator, Glenn Hauze; the publisher of "Las Vegas Sporting News," Dennis Atiyeh; the distribution manager of "Las Vegas Sporting News," Dale Stickel; and the national sales director of "Las Vegas Sporting News," Mark Hovan.

the record now before the Court, Times Mirror's motion is **GRANTED**, and LVSN is preliminarily **ENJOINED** from using the phrase "Sporting News" in connection with its weekly publication.

BACKGROUND

A. The Sporting News

THE SPORTING NEWS was granted trademark registration in 1886, and has been the banner headline on a weekly publication entitled "The Sporting News" since then. (Kastberg Test., Tr. at 12-13.) The mark's present owner, Times Mirror, publishes "The Sporting News" and operates an internet website, http://www.sportingnews.com. (Kastberg Test., Tr. at 11.)

"The Sporting News" provides information on baseball, basketball, football, and hockey. (Kastberg Test., Tr. at 14, 30.) The magazine has a weekly circulation of approximately 540,000 in the United States and Canada. (Kastberg Test., Tr. at 13.) It is advertised on television, in direct mail solicitations and promotions, and, occasionally, on the radio. (Kastberg Test., Tr. 13-14.) An issue of "The Sporting News" ordinarily is sold for $2.99, but nine issues each year are sold for $3.99 because they carry "special content." (Kastberg Test., Tr. at 21.) Within the last several years, Times Mirror has invested millions of dollars in "The Sporting News" in an attempt to "double the size" and improve the quality of the magazine. (Kastberg Test., Tr. at 14.)

Because Times Mirror "believe[s] that there is a portion of the population that is adamantly opposed to gambling and that they would not look favorably on any of [its] products if they thought [the magazine was] promoting gambling in any way," "The Sporting News" does *not* provide information on gambling. (Kastberg Test., Tr. at 30-31.)

The Court heard evidence that when considering which magazine to purchase, consumers generally make their decision "almost exclusively based on what's on the cover." (Kastberg Test., Tr. at 35.) "The Sporting News" has considered this fact when developing its cover. (Kastberg Test., Tr. at 35.) The magazine therefore tries "to get a specific trade dress and distinctive trademark and to keep a fairly consistent cover," which is generally a "full page four color [photograph] of a fairly famous" coach or athlete. (Kastberg Test., Tr. at 35-36.) The trademark always appears on the cover in red letters. (Kastberg Test., Tr. at 36.)

B. Las Vegas Sports News d/b/a Las Vegas Sporting News

Dennis Atiyeh publishes "gaming related" books, magazines, and newspapers, including a publication now entitled "Las Vegas Sporting News." (Atiyeh Test., Tr. at 72.)[2] "Las Vegas Sporting News" carries articles, editorials, and advertisements "purely for the sports gaming enthusiasts or individuals that like to take a risk." (Atiyeh Test., Tr. at 75.)

Before 1997, the publication was entitled "Las Vegas Sports News." (Atiyeh Test., Tr. at 80.) Atiyeh testified that he changed the name to "Las Vegas Sporting News" for two reasons. (Atiyeh Test., Tr. at 72-73.) First, because the person from whom he purchased "Las Vegas Sports News" had a poor reputation, Atiyeh was "having trouble getting [the publication] in casinos and selling advertising to casinos." (Atiyeh Test., Tr. at 72.) Second, because the publication is "a sports gaming publication, not a sports publication," the term "sporting" more accurately reflects its content. (Atiyeh Test., Tr. at 73.) Atiyeh claims that he consulted Webster's

2. Whether "Las Vegas Sporting News" is a newspaper or magazine is a matter of some dispute.

Dictionary when changing the name of his publication. (Atiyeh Tr. at 74.) He admits that at the time he changed the name, he was familiar with Times Mirror's "The Sporting News." (Atiyeh Test., Tr. at 80.)

"Las Vegas Sporting News" is published forty-five times each year, (Atiyeh Test., Tr. at 82), and generally has a circulation of approximately 42,000, but special editions have a circulation of up to approximately 100,000. (Atiyeh Test., Tr. at 83.) Since the 1997 name change from "Las Vegas Sports News" to "Las Vegas Sporting News," circulation has increased, but, according to Atiyeh, not substantially. (Atiyeh Test., Tr. at 83.) The publication is sold at "probably a couple hundred" newsstands across the country, but most copies are disseminated in casinos free of charge. (Atiyeh Test., Tr. at 77-78.) The usual newsstand price of an issue of "Las Vegas Sporting News" is $2.99, but the price of the "1997 College and Pro Football Annual" edition was $4.95. *(See* Pl.'s Exs. G, K.)

Mark Hovan testified that he sells advertising space in "Las Vegas Sporting News" primarily to "casinos, paging companies, [and] handicappers." (Hovan Test., Tr. at 117.) He has approached other types of companies, such as companies that sell cars, cigarettes, tobacco, and alcohol, but many of them will not "associate with gambling publications." (Hovan Test., Tr. at 118.)

Hovan further testified that he was instrumental in the change from "Las Vegas Sports News" to "Las Vegas Sporting News":

> After going to different casinos, talking to their advertising department and trying to get a large -- or a portion of their large budget, I was basically told that sports isn't really their target market. I says well, we're a lot more than sports, were gaming. And I got tired of beating my head against the wall, so to speak and I said

> we've got to change something to get more appealing. And like Dennis alluded to earlier is we combine 'sports' and we combine 'gambling' into 'sporting news.' Okay. And they seemed to like it.... More papers were taken in the casino, again, not per se because of 'sporting news,' but because it was more professional looking as a publication, as a title. And it appealed to their target audience. Their target audience, per se, wasn't the sports better, but was the gamer, the gambler, the sporting event type person, if you will.

(Hovan Test., Tr. at 118-19.)

C. Threats of Legal Action/Settlement Negotiations

Times Mirror first learned that LVSN was publishing a periodical entitled "Las Vegas Sporting News" in August 1997. (Kastberg Test., Tr. at 27.) On September 24, 1997, Times Mirror sent a letter to the President of LVSN, Chris Pez, demanding that further use of the phrase "Las Vegas Sporting News" cease immediately. (Kastberg Test., Tr. at 50; Pl.'s Ex. I.) The letter reads, in pertinent part:

> It has recently come to my attention that your company is marketing a sports magazine entitled LAS VEGAS SPORTING NEWS... Apparently, this is a relatively recent change, since the masthead page of your magazine... makes reference to LAS VEGAS SPORTS NEWS, stating, in part, that, 'Las Vegas Sports News... is published weekly....'
>
> Mr. Pez, given the widespread promotion and distribution of [Times Mirror's] THE SPORTING NEWS, we believe that consumer confusion will result from your company's use of the confusing similar name LAS VEGAS SPORTING NEWS.... It would appear that your company is attempting to unlawfully appropriate the good will that is associated with our federally registered trademark.

> In view of the likelihood of consumer confusion, we hereby demand that you (1) immediately cease and desist from any further use of the term LAS VEGAS SPORTING NEWS, and (2) select a name to identify your product that is not confusingly similar to our THE SPORTING NEWS trademark....
>
> Hopefully, your company will comply with our stated demands; however, I must hear from you by October 7, 1997, or we will have no choice but to pursue our legal remedies. . . .

(Pl's Ex. I.)

Negotiations ensued. LVSN offered to change the name of its publication on the condition that Times Mirror bear the costs of the name change. Times Mirror requested "an itemized breakdown of the overall costs" that would be associated with the name change. As of July 16, 1998, despite repeated requests from Times Mirror, LVSN had not provided any such itemized breakdown.

D. Times Mirror's Investigation

In October 1998, after settlement negotiations had proved unsuccessful, Times Mirror hired Glenn Hauze "to gain as much information as possible regarding the availability of the 'Las Vegas Sporting News'" in or near Lehigh Valley, Pennsylvania. (Hauze Test., Tr. 52, 62.) Hauze began his investigation by visiting three newsstands. (Hauze Test., Tr. at 62, 64-65.) The first newsstand he visited was in Plumsteadville and it carried both "The Sporting News" and "Las Vegas Sporting News." (Hauze Test., Tr. at 53.) At the Plumsteadville shop, "'Las Vegas Sporting News'. . . was up on the shelf with the other sporting magazines," but '"The Sporting News,' the Times Mirror 'Sporting News' was down amongst the tabloids." (Hauze Test., Tr. at 54.) The next day, October 13, 1998, Hauze found copies of "Las

Vegas Sporting News" for sale at newsstands in Allentown and Quakerville. (Hauze Test., Tr. at 54.) At the Allentown newsstand, "Las Vegas Sporting News" and "The Sporting News" were displayed "within inches" of each other in a bay window in front of the store, along with "a large number of sporting type magazines." (Hauze Test., Tr. at 54-55.)

Times Mirror filed a Complaint against LVSN approximately two weeks later, on October 30, 1998.

Hauze again visited the Allentown and Quakerville stores on December 2, 1998, and again found copies of "Las Vegas Sporting News" for sale at both locations. (Hauze Test, Tr. at 61.) Kastberg conducted his own investigation; he testified that in December 1998, he visited three newsstands in New York City:

> I went to a newsstand in Penn Station, which is a train terminal in New York, I went to Barnes & Noble in New York and I went to a newsstand in Grand Central Terminal, which is another train station in New York.... [W]hen I went to Penn Station, I asked the guy 'Do you have the Las Vegas Sporting News,' and he handed me the Times Mirror 'Sporting News.'... I went to the Barnes and Noble, asked the same question, got Times Mirror 'Sporting News,' and the same thing happened at Grand Central. All three times I was handed the Times Mirror 'Sporting News' when I asked for 'Las Vegas Sporting News.'

(Kastberg Test., Tr. at 37-38.)

DISCUSSION

> When ruling on a motion for preliminary injunctive relief, a district court must consider four factors: (1) the likelihood that plaintiff will prevail on the merits at final hearing; (2) the extent to which plaintiff is being

irreparably harmed by the conduct complained of; (3) the extent to which defendant will suffer irreparable harm if the preliminary injunction is issued; and (4) the public interest.

Pappan Enters., Inc. v. Hardee's Food Sys., Inc., 143 F.3d 800, 803 (3d Cir. 1998).

A. Likelihood That Times Mirror Will Prevail on the Merits

Times Mirror claims, among other things, that LVSN is "diluting" its trademark THE SPORTING NEWS. Based on evidence introduced during the preliminary injunction hearing, the Court finds that Times Mirror is likely to succeed on the merits of this claim.

The Federal Trademark Dilution Act of 1995 ("FTDA"), 15 U.S.C. § 1125(c), gives the owner of a "famous" mark the right to "an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark. . . ." 15 U.S.C. § 1125(c).

Because the FTDA protects only "famous" marks, the first step in deciding whether the owner of a mark is entitled to relief under the statute is determining whether the mark is "famous."

> In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to --
>
> (A) the degree of inherent or acquired distinctiveness of the mark;
>
> (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
>
> (C) the duration and extent of advertising and publicity of the mark;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channels of trade for the goods or services with which the mark is used;

(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;

(G) the nature and extent of use of the same or similar marks by third parties; and

(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

15 U.S.C. § 1125(c)(1)(A)-(H).

In this case, the evidence establishes that Times Mirror's mark is "famous." First, THE SPORTING NEWS is a federally registered trademark. Because a mark does not qualify for federal trademark registration unless it is distinctive, *see* 15 U.S.C. § 1052, federal registration "goes a long way toward proving" that the mark has "inherent or acquired distinctiveness." 2 Jerome Gilson & Anne Gilson Lalonde, Trademark Protection and Practice, § 5.12[1][c][iii] (1998). Second, THE SPORTING NEWS has been used on the magazine's banner headline since 1886. Third, "The Sporting News" is advertised on television, in direct mail solicitations and promotions, and, occasionally, on the radio. In recent years, Times Mir

Having concluded that THE SPORTING NEWS is famous, the Court must determine whether the mark's fame preceded or followed LVSN's commercial use of the name "Las Vegas Sporting News." Because LVSN did not use "Las Vegas Sporting News" to identify its publication until 1997, and because THE SPORTING NEWS has been in use for more than a century, the Court concludes that LVSN's use of "Las Vegas Sporting News" began long after THE SPORTING NEWS had become famous.

Finally, the Court turns to the question of "dilution," which is defined as "the lessening of the capacity of a famous mark to identify and distinguish goods or services. . . ." 15 U.S.C. § 1127.[4] Congress intended the FTDA to address, among other things, "the archetypal problems [that] involved non-competing products as to which there could, by definition, be no confusion and a world-famous brand name which was either tarnished or blurred by its application to a different product which was obviously trading on the good will of that name." *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 45 (1st Cir. 1998). The FTDA therefore permits the owner of a famous mark to obtain relief from various forms of dilution, regardless of whether consumers are confused as to the products' sources. 15 U.S.C. § 1125(c).[5]

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4. The Lanham Act, 15 U.S.C. § 1127, provides definitions for the FTDA, 15 U.S.C. § 1125(c).

5. As the First Circuit Court of Appeals stated in *I.P. Lund Trading:*

> While there may be a tendency to think of dilution in terms of confusion, Congress made it clear that dilution can occur even in the absence of confusion. It is simple to see why that should be so when non-competing goods are at issue. No one would confuse Kodak pianos with Kodak film, but the use of the name on the piano could dilute its effectiveness as a mark for the film.

163 F.3d at 48-49.

In this case, the Court finds that Times Mirror is likely to establish that LVSN has diluted THE SPORTING NEWS trademark by "blurring." Dilution by blurring occurs "when a defendant uses a plaintiff's trademark to identify the defendant's goods or services, creating the possibility that the mark will lose its ability to serve as a unique identifier of the plaintiff's product." *Panavision Int'l L.P. v. Toeppen*, 141 F.3d 1316, 1326 n.7 (9th Cir. 1998) (citing *Ringling Bros.-Barnum & Bailey, Combined Shows, Inc. v. B.E. Windows, Corp.*, 937 F. Supp. 204, 209 (S.D.N.Y. 1996)).

Several district courts have evaluated claims of dilution by blurring under the FTDA by applying factors set forth in Judge Sweet's concurrence in *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1035 (2d Cir. 1989) (Sweet, J., concurring)[6] *See, e.g., Playboy Enters., Inc. v. Universal Tel-A-Talk, Inc.*, No. 96CV6961, 1998 WL 767440, at *6 (E.D. Pa. Nov. 3, 1998); *WAWA Dairy Farms v. Haaf*, No. Civ. A. 96-4313, 1996 WL 460083, at *3 (E.D. Pa. Aug. 7, 1996) (Cahn, C.J.), *aff'd*, 116 F.3d 471 (3d Cir. 1997).[7] In considering the likelihood of dilution by blurring, Judge Sweet reviewed the following factors:

1) similarity of the marks

2) similarity of the products covered by the marks

---

6. *Mead Data Central* involved a claim brought under a New York dilution statute.

7. See also *Nabisco, Inc. v. PF Brands, Inc.*, No. 99 CIV. 0008 (SAS), 1999 WL 47313, at * 10 (S.D.N.Y. Feb. 3, 1999); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 955 F. Supp. 605, 618 (ED. Va. 1997); *Star Markets, Ltd. v. Texaco, Inc.*, 950 F. Supp. 1030, 1032 & n.3 (D. Haw. 1996); *American Express Co. v. CFK, Inc.*, 947 F. Supp. 310, 317 (E.D. Mich. 1996).

3) sophistication of consumers

4) predatory intent

5) renown of the senior mark

6) renown of the junior mark

Mead Data Cent., 875 F.2d at 1035 (Sweet, J., concurring).

The Sweet test has been criticized "for introducing factors that 'are the offspring of classical likelihood of confusion analysis and are not particularly relevant or helpful in resolving the issues of dilution by blurring.'" *I.P. Lund Trading*, 163 F.3d at 49 (rejecting Sweet test in action against competitor alleging dilution of trade dress) (quoting 3 J. McCarthy, McCarthy on Trademarks & Unfair Competition § 24:94.1(4th ed. 1996)); *see, e.g., Hershey Foods Corp. v. Mars, Inc.*, 998 F. Supp. 500, 519 (M.D. Pa. 1998) ("In our view, [the similarity of the products covered by the marks] is irrelevant."); *Clinique Labs., Inc. v. Dep Corp.*, 945 F. Supp. 547, 562 & n.22 (S.D.N.Y. 1996) ("[P]redatory intent is not a factor in a dilution analysis under Section 43(c) of the Lanham Act.").

This criticism notwithstanding, "blurring sufficient to constitute dilution requires a case-by-case factual inquiry," *Mead Data Cent.*, 875 F.2d at 1035 (Sweet, J., concurring), and in this case, the Court finds that the Sweet factors are useful in evaluating the likelihood that LVSN's use of "Las Vegas Sporting News" lessens the capacity of THE SPORTING NEWS to identify and distinguish Times Mirror's goods or services.

The Sweet factors favor a finding of dilution. First, the two marks are similar. Not only do the two marks use dominant identical words, i.e., the words "Sporting News," but they both print those words in red lettering on a single

line that spans horizontally across the publication's cover, which generally features a well-known sports figure. "Las Vegas Sporting News" and THE SPORTING NEWS use different type styles, and LVSN outlines its mark in black whereas Times Mirror outlines its mark in black and white. The lettering thus is distinguishable, but similar nevertheless. Second, both LVSN and Times Mirror use their mark to cover a weekly publication. Third, the undisputed testimony indicated that consumers do not purchase publications in a sophisticated manner, but tend to select their purchase on "impulse," largely based on the cover rather than the content.[8] Fourth, the similarity of the marks and their placement on the publication cover might be coincidental, but the evidence showed that the publisher of "Las Vegas Sporting News" was aware of THE SPORTING NEWS at the time he changed the name of his periodical.[9] Finally, "The Sporting News" is well known, whereas "Las Vegas Sporting News" is not.

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8. "Where the plaintiff's consumers are sophisticated, there is a reduced likelihood that a junior mark will blur the senior mark's selling power." *Mead Data Cent.*, 875 F.2d at 1036.

9. Courts have diverged on whether "predatory intent" is a proper consideration in a dilution analysis under the FTDA. *Nabisco, Inc. v. PF Brands*, Inc., No. 99 CIV. 0008, 1999 WL 47313, 14 (S.D.N.Y. Feb. 3, 1999) (noting divergence). *Compare I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 50 (1st Cir. 1998) ("Predatory intent tells little about how customers in fact perceive products.") *with Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 955 F. Supp. 605, 620 n.28 (E.D. Va. 1997)("[A]n accused diluter's intent can be relevant to the determination of both (i) a circumstantial case of dilution, and (ii) available remedies for such dilution.... Moreover, predatory intent... increases the likelihood that a junior mark will be used in a manner that will lessen the capacity of a famous mark to identify goods and services."). Because the factor of "predatory intent" favors neither party in this case, the Court need not reach this issue.

The Court therefore finds that Times Mirror is likely to prevail on its dilution claim. *Cf Gazette Newspapers, Inc. v. New Paper, Inc.*, 934 F. Supp. 688, 696-97 (D. Md. 1996) (finding that defendant's use of the name "Frederick Gazette" for its newspaper diluted plaintiff's use of the name "Gazette" for its chain of papers, each of which was named for the community in which it was distributed, with the word "Gazette" following the community name).[10]

B. The Extent to Which Plaintiff Is Being Irreparably Harmed by the Conduct Complained Of

"In the trademark context, 'irreparable harm may be shown even in the absence of actual injury to plaintiff's business based on plaintiff's demonstration of a likelihood of success on the merits on its claim.'" *I.P. Lund Trading*, 163 F.3d at 33; *see also WAWA Dairy Farms*, 1996 WL 460083,

---

10. This Memorandum does not address the theory that LVSN's use of "Las Vegas Sporting News" threatens to "tarnish" Times Mirror's reputation by causing consumers to associate its products and services with gambling. Dilution by tarnishing occurs "'when a defendant uses the same or similar marks in a way that creates an undesirable, unwholesome, or unsavory mental association with the plaintiff's mark.'" *Viacom Inc. v. Ingram Enters., Inc.*, 141 F.3d 886, 888 (8th Cir. 1998) (quoting *Anheuser-Busch, Inc. v. Balducci Publications*, 28 F.3d 769, 777 (8th Cir. 1994)); *see also Panavision Int'l L.P. v. Toeppen*, 141 F.3d 1316, 1326 n.7 (9th Cir. 1998) ("Tarnishment occurs when a famous mark is improperly associated with an inferior or offensive product or service." (citing Thomas McCarthy, McCarthy on Trademarks & Unfair Competition, § 24:104 at 24-172 to 173 (4th ed. 1997)).

The Court heard evidence that providing information about gambling might alienate certain consumers, and that Times Mirror consequently has adopted a policy of excluding such information from its publications. Because the Court finds a likelihood that LVSN's use of the name "Las Vegas Sporting News" has caused dilution by blurring, however, it need not reach Times Mirror's assertion that use of the name also has caused dilution by "tarnishing."

at *4 ("[T]he dilution of a mark is not susceptible to the calculation of money damages. Hence, it would be impossible to place a dollar value on any damage to the Wawa mark."). The Court therefore finds that in the absence of an injunction, Times Mirror will suffer irreparable harm.

C. The Extent to Which Defendant Will Suffer Irreparable Harm If the Preliminary Injunction Is Issued

A preliminary injunction would harm LVSN only if LVSN ultimately prevails on the merits, an outcome that, as discussed above, is unlikely. *See Blue Cross & Blue Shield Mutual of Ohio v. Blue Cross & Blue Shield Ass'n,* 110 F.3d 318, 334 (6th Cir. 1997); *Jews For Jesus v. Brodsky,* 993 F. Supp. 282 (D.N.J. 1998), *aff'd,* 159 F.3d 1351 (3d Cir. 1998). LVSN will incur some expense when changing the name of "Las Vegas Sporting News." But expense alone, even if substantial, does not constitute irreparable harm. *See Pappan Enters.,* 143 F.3d at 805 ("Irreparable harm 'must be of a peculiar nature, so that compensation in money alone cannot atone for it.'" (quoting *Opticians Ass 'n of Am. v. Independent Opticians of Am.,* 920 F.2d 187, 195 (3d Cir. 1990)).

D. The Public Interest

"Finally, because it was the purpose of Congress in amending the Lanham Act to provide protection to the owners of famous marks from dilution by persons who wish to trade on the famous nature of the senior mark," a preliminary injunction will serve the public interest. *WAWA Dairy Farms,* 1996 WL 460083, at *4.

CONCLUSION

Times Mirror is entitled to a preliminary injunction preventing LVSN from using the phrase "Sporting News" in

connection with its weekly publication. An appropriate Order will be entered.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

TIMES MIRROR MAGAZINES, INC.	:	
v.	:	CIVIL ACTION
LAS VEGAS SPORTS NEWS, L.L.C. dba LAS VEGAS SPORTING NEWS	:	NO. 98-CV-5768

ORDER

AND NOW, this 4th day of March, 1999, in accordance with the Memorandum filed this date, **IT IS ORDERED**:

1. Times Mirror Magazine Inc.'s application for issuance of a preliminary injunction is **GRANTED**.

2. This injunction shall not take effect until Times Mirror Magazines, Inc. posts bond. So long as bond is posted, this preliminary injunction shall remain in full force and effect until such time that the matter of a permanent injunction is heard by the Court, or this dispute is otherwise resolved.

3. Las Vegas Sports News, L.L.C. d/b/a Las Vegas Sporting News ("LVSN"), its officers, agents, servants, employees and attorneys, and those persons in active concert and participation with LVSN who receive actual notice of this preliminary injunction, are **ENJOINED** immediately upon Times Mirror Magazine Inc.'s posting of bond from using the phrase "Sporting News" in connection with the advertising, operation, or maintenance of its publication.

4. Times Mirror Magazines, Inc. shall post a bond with the Clerk of this Court, pursuant to Fed. R. Civ. P. 65(c), in the sum of $25,000 and give notice of such posting to LVSN.

BY THE COURT

/S/

BRUCE W. KAUFFMAN, J.

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

99-1299

TIMES MIRROR MAGAZINES, INC.

v.

LAS VEGAS SPORTS NEWS, L.L.C.,
d/b/a LAS VEGAS SPORTING NEWS,

Appellant.

SUR PETITION FOR REHEARING

Present: BECKER, Chief Judge, SLOVITER, MANSMANN, GREENBERG, SCIRICA, NYGAARD, ALITO, ROTH, McKEE, RENDELL, and BARRY, Circuit Judges, and ALDISERT, Senior Circuit Judge*

The petition for rehearing filed by appellants in the above entitled case having been submitted to the judges who participated in the decision of this court and to all the other available circuit judges of the circuit in regular active service, and no judge who concurred in the decision having asked for rehearing, and a majority of the circuit judges of the circuit in regular active service not having voted for rehearing by the

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* As to panel rehearing only.

court en banc, the petition for rehearing is denied. Chief Judge Becker and Judge Barry would have granted rehearing.

By the Court,

_____

Circuit Judge

DATED:

Supreme Court, U.S.
FILED
NOV 29 2000
CLERK

(2)

No. 00-470

In The

Supreme Court of the United States

LAS VEGAS SPORTS NEWS, LLC,
d/b/a LAS VEGAS SPORTING NEWS,

Petitioner,

v.

TIMES MIRROR MAGAZINES, INC.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Third Circuit

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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COUNTER-STATEMENT OF QUESTIONS PRESENTED

I. WHETHER THE COURT SHOULD EXERCISE ITS DISCRETION TO REVIEW THIS CASE WHEN THE RECORD IS INADEQUATE FOR REVIEW, REVIEW WOULD BE PREMATURE, AND THE PETITION SEEKS REVIEW OF ISSUES NOT DECIDED BY THE LOWER COURTS.

- (Negative answer sought by Respondent).

II. WHETHER THE COURT SHOULD EXERCISE ITS DISCRETION TO REVIEW THIS CASE TO DETERMINE WHETHER NICHE MARKET FAME SATISFIES THE FAME REQUIREMENT OF THE FEDERAL TRADEMARK DILUTION ACT ("FTDA") WHEN THE DECISIONS OF THE CIRCUITS CAN BE RECONCILED TO RESOLVE ANY PERCEIVED INCONSISTENCY.

- (Negative answer sought by Respondent).

III. WHETHER THE COURT SHOULD EXERCISE ITS DISCRETION TO REVIEW THIS CASE TO DETERMINE WHETHER THE FAMOUS AND DISTINCTIVE REQUIREMENTS OF THE FTDA ARE TWO SEPARATE REQUIREMENTS WHEN THE DISCUSSION OF THAT ISSUE BY THE COURT OF APPEALS WAS MERE DICTA, SINCE IT AFFIRMED SEPARATE FINDINGS OF FAME AND DISTINCTIVENESS.

- (Negative answer sought by Respondent).

IV. WHETHER THE COURT SHOULD EXERCISE ITS DISCRETION TO REVIEW THIS CASE TO DETERMINE WHETHER THE FTDA REQUIRES PROOF OF ACTUAL DILUTION WHEN THE ISSUE WAS NEVER ADDRESSED BY THE LOWER COURT.

- (Negative answer sought by Respondent).

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COUNTER-STATEMENT OF THE CASE

Factual Background

In 1886, "The Sporting News" was granted federal trademark registration as the banner headline for a weekly publication dedicated to in-depth analysis of sports. App. at 3a. Since 1886, the publication has been continuously published on a weekly basis throughout the United States and Canada. App. at 4a. It has become famous. "The Sporting News" has a current circulation of at least 540,000, and an even larger readership. App. at 4a. In the past five years, Times Mirror Magazines, Inc. ("Times Mirror") has spent millions of dollars in improving the magazine and its circulation, including increased publicity on television, radio and in direct mail solicitations and promotions. App. at 4a.

"Las Vegas Sports News" was a sports magazine with a focus on gambling. In 1997, the owner of Las Vegas Sports News changed the title of the magazine to "Las Vegas Sporting News." App. at 4a. This action was taken despite the fact the owner was aware of the existence of "The Sporting News." App. at 4a. Like "The Sporting News," "Las Vegas Sporting News" reports on football, basketball, baseball and hockey and is published, more or less, on a weekly basis. App. at 48a, 49a. Concurrent with the change of name, the color of words in that publication's title banner was changed. "Las Vegas" was printed in green and gold, leaving only the words "Sporting News" to appear in red typeface, the same color as the title of "The Sporting News." App. at 17a.

Times Mirror discovered Las Vegas Sporting News' unlawful use of its mark in August of 1997. App. at 5a.

Immediately thereafter, on September 24, 1997, Times Mirror sent to Las Vegas Sporting News a cease and desist letter. App. at 5a. The parties thereafter conducted settlement negotiations. App. at 5a. When no resolution could be reached, Times Mirror filed its complaint on October 30, 1998 in the Eastern District of Pennsylvania. App. at 52a.

Procedural Background

Times Mirror Magazines, Inc.'s complaint charged Las Vegas Sports News with infringing Times Mirror's registered trademark in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114(1) (1997); with false designation of original in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1998); with trademark dilution in violation of Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c) (1998); and with common law unfair competition and infringement. App. at 47a. A hearing was held on December 3, 1998 before District Judge Bruce Kauffman. Following the hearing, the District Court granted the request for a preliminary injunction, finding that Times Mirror was likely, pursuant to the Federal Trademark Dilution Act ("FTDA"), to prevail on its claim for trademark dilution by blurring. App. at 47a. The Court did not address Times Mirror's claim for dilution by tarnishment.

In finding that Times Mirror was likely to prevail on its claim of dilution under the FTDA, the District Court made numerous findings. Specifically, the Court found that The Sporting News is a famous mark in which Times Mirror has invested millions of dollars to protect and

increase its strength. App. at 55a. The District Court found that Las Vegas Sporting News was familiar with The Sporting News as of the date the Petitioner's publication changed its name. App. at 58a. The Court further found that due to the similarities of the two marks and the fact that the two publications compete in similar markets, Times Mirror is likely to prove that use of the mark Las Vegas Sporting News dilutes its mark, "The Sporting News." App. at 59a.

Petitioner appealed the decision of the District Court to the Third Circuit. During the pendency of the appeal, the parties agreed to stay Times Mirror's enforcement of the preliminary injunction. Following oral argument, a three-judge panel of the Third Circuit affirmed the decision of the District Court. By Stipulation, the stay of the preliminary injunction still remains in place.

The Third Circuit determined that the District Court did not commit reversible error in concluding that the federally registered trademark, The Sporting News, which has been continuously used throughout the United States and Canada since 1886, was a famous and distinctive mark entitled to protection under the FTDA. The District Court had applied the eight non-exclusive factors set forth in 15 U.S.C. § 1125(c)(1)(A)-(H), and determined that "The Sporting News" is a famous mark. App. at 13a-14a. The Third Circuit concluded that the District Court did not err in the application of these factors and in finding "The Sporting News" to be a famous mark. App. at 14a. The District Court had determined that "The Sporting News," although not a fanciful or arbitrary trademark, has acquired secondary meaning and thus distinctiveness. App. at 41a. This conclusion was based

on the District Court's findings that the mark has been used in commerce since 1886 and that Times Mirror has expended millions of dollars in advertising and promoting the mark in various media outlets. The Third Circuit agreed with the District Court's finding that "The Sporting News" has acquired secondary meaning and is thus distinctive. App. at 41a. Finally, in addressing the dilution argument, the Third Circuit found helpful the dilution analysis in *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999); it applied the *Nabisco* factors to the facts found by the District Court; and it found no error in the District Court's grant of the preliminary injunction. App. at 18a. Accordingly, the Third Circuit affirmed the decision of the District Court.

The decision of the Third Circuit was a two-to-one decision with a dissent authored by Judge Barry. Essentially, the dissent contended that Times Mirror presented insufficient evidence. App. at 21a. The only legal disagreement contained in the dissent was regarding the appropriateness of the niche market theory of fame. App. at 22a. However, the District Court never specifically addressed "niche market" in its opinion.

Petitioner thereafter filed a petition to the Third Circuit for rehearing en banc. The petition was denied with two judges dissenting.

REASONS FOR DENYING THE WRIT

The Petition for Writ of Certiorari filed by Las Vegas Sports News utterly fails to establish any compelling reason consistent with Supreme Court Rule 10 suggesting

that any aspect of the decision of the Third Circuit merits the attention of this Court. The opinion of the Third Circuit is thoroughly and soundly reasoned and is consistent, in all relevant aspects, with the decisions of other Courts of Appeal. Further, any possible inconsistencies are created due to the absence of a complete record. The only available record for review is that which was created during a preliminary injunction hearing, which fails to provide sufficient facts to permit a thorough analysis of the legal issues presented by Petitioner. There is no irreconcilable conflict among the circuits which affects this case. Further, the parties have agreed to stay the preliminary hearing until a decision can be reached following a full evidentiary trial.

I. This case does not present a clear, fully developed record sufficient to serve as a basis for deciding the complex and novel legal questions tendered by Petitioner. Further, adjudication of the issues would be premature, since trial in this matter may eliminate the alleged conflict between the holding of the Court of Appeals and decisions in other circuits. Finally, discretionary review should not be granted where the District Court has not yet even passed on the issues raised by the Petition.

A. The present record is insufficient to serve as the basis for review.

This case arises under the Federal Trademark Dilution Act of 1995 ("FTDA"), 15 U.S.C. § 1125(c). The FDTA created a new federal cause of action and a new federal remedy available to the owner of a "famous" mark, if the defendant's use of the plaintiff's mark, "causes dilution

of the distinctive quality of the mark." 15 U.S.C. § 1125(c)(1). Petitioner tenders for the Court's review three issues which it contends are novel under the FTDA: (A) whether the FTDA protects marks which are famous in a "niche market"; (B) whether the FTDA requires the senior mark to be both "famous" and "distinctive" (in the conjunctive), or whether under the Act "distinctiveness" is merely a synonym for "fame"; and (C) whether the FTDA requires proof of actual, consummated dilution, or just a likelihood of dilution. This case is not well suited to be the occasion for this Court's initial consideration of this important and complicated area of the law. Rather than deciding this matter now, the Court should deny this petition for writ of certiorari and permit the parties to develop a full record in District Court at trial on the permanent injunction.

The only evidentiary record in this case is a brief, comparatively thin hearing record before the District Court on Respondent's Petition for Preliminary Injunction. Petitioner presented no, or at best very modest, evidence on the issues it now argues (fame in a niche market versus fame to the public generally; "fame" and "distinctiveness" as supposedly separate elements; and actual, consummated, rather than merely threatened, dilution.) Further, as Petitioner concedes at page 6 of its Petition, the District Court made no specific finding as to the market in which Respondent's mark enjoys fame.

It is firmly established that, "review on writ of certiorari is not a matter of right, but of judicial discretion and will be granted only when there are special and important reasons therefor." U.S. Sp. Ct. Rule 10; Wright, Miller, Cooper & Cressman, *Federal Practice and Procedure*,

Ch.10, § 4004. Upon review, this Court requires that cases before it present legal and factual issues through a thorough, complete and accurate record. However, in the present case, the record is too, "skimpy in the sort of proved or admitted fact that would enable (this Court) to adjudicate," the issues presented. *Socialist Labor Party v. Gilligan*, 406 U.S. 583, 587 (1972). The record thus does not, "tender the underlying . . . issues in a clear-cut and concrete form." *Rescue Army v. Municipal Court*, 331 U.S. 549, 584 (1974).

It has long been this Court's, "considered practice not to decide abstract, hypothetical or contingent questions." *Alabama State Federation of Labor v. McAdory*, 325 U.S. 450, 461 (1945). This Court has often declined to decide even important issues in the absence of an adequate and full-bodied record. *Kleppe v. New Mexico*, 426 U.S. 529 (1976); *Philips v. Martin Marietta Corp.*, 400 U.S. 542, 540 (1970) ("The record before us is not adequate for resolution of these important issues."); and *Public Affairs Associates, Inc. v. Rickover*, 369 U.S. 111, 113 (1962) ("These are delicate problems; their solution is bound to have far-reaching import. Adjudication of such problems . . . should rest on an adequate and full-bodied record. The record before us is woefully lacking in these requirements").

The rather thin record made in the District Court (on a petition for preliminary injunction, rather than full trial on the merits) thus does not provide the kind of factual basis this Court ordinarily requires as a predicate for the adjudication of novel and serious issues. See, e.g., *Wainwright v. City of New Orleans*, 392 U.S. 598 (1967) (Harlan,

J., concurring); *Estelle v. Gamble*, 429 U.S. 97 (1976) (Stevens, J., dissenting).

In summary, this case lacks factual clarity and therefore presents difficult questions in a novel area of the law in a completely abstract fashion. Simply put, the record is, "too opaque to permit any satisfactory adjudication," of the issues Petitioner tenders. *Wainwright v. New Orleans, supra*. Given those circumstances, this case is one where the most appropriate disposition would be denial of the petition.

B. The Petition is premature. It raises legal issues and asserts conflicts that may not be presented when a factual record is developed in this case.

Petitioner contends that the decision of the Court of Appeals conflicts with decisions of other Circuits, as well as with the congressional intent underlying the FDTA. Petitioner's arguments are based on assumptions that when a full record is made at trial the District Court will conclude that Respondent's mark has niche market, but not general, "fame"; that Respondent's mark has "fame", but not "distinctiveness" (if those two terms are separate elements rather than synonyms); and that Respondent will be unable to prove actual, consummated (rather than merely threatened) dilution. To date, only the barest of records has been made on those issues, with the full record to be developed at the forthcoming trial on the permanent injunction. At trial, Petitioner's underlying assumptions may prove to be unfounded.

While the Court could conceivably use this case as the vehicle to decide the asserted conflict among the

Circuits, sound reasons counsel against doing so. If the Court were to address Petitioner's issues now, there is a substantial possibility that the Court's decision would be shown, on the basis of a more fully developed factual record, to have been unnecessary. Although the Court's decision would not be advisory in the Article III sense, the policies underlying the rule against advisory opinions – the need to limit the judicial function to deciding sharply defined issues reflecting real, concrete, fully litigated adversity between the parties – also counsel against deciding the questions Petitioner now raises. This Court should decline to review where, as here, the issues are presented in abstract, hypothetical form without the benefit of precision that would be afforded by a trial. *Rescue Army v. Municipal Court, supra.*

C. This Court should decline to review issues which were not passed upon by the District Court.

Examination of the District Court's Memorandum and Order shows that the District Court never passed upon the specific issues Petitioner tenders (niche market fame versus general fame; whether fame and distinctiveness are separate, conjunctive elements; and actual, consummated, versus threatened, dilution).

The Supreme Court ordinarily will not decide issues not litigated in the Trial Court. While the Court of Appeals did pass upon Petitioner's issues, the District Court did not specifically adjudicate them in its Memorandum and Order on the Preliminary Injunction (although the District Court surely will decide the issues

at the forthcoming trial on the merits). There is no doubt that this Court has jurisdiction to consider the issues, whether or not the Court of Appeals did so. *Springfield v. Kibbe*, 480 U.S. 257 (1987). It is respectfully suggested, however, that this case is not the occasion for the Supreme Court to decide the issues when the District Court failed to specifically address them. The sketchy, thin state of the record counsels against the Court exercising its discretion to review and adjudicate issues on which there has not yet been a Trial Court decision on a fully developed record.

II. This Court Should Not Exercise its Discretionary Review to Review Whether Niche Market Fame Satisfies the "Fame" Requirement of the Federal Trademark Dilution Act When the Decisions of the Circuit Courts can be Reconciled to Resolve any Perceived Inconsistency.

Petitioner argues that the decision of the Third Circuit concluding that, "a mark not famous to the general public is nevertheless entitled to protection from dilution where both the plaintiff and defendant are operating in the same or related markets, so long as the plaintiff's mark possesses a high degree of fame in its niche market," conflicts with the decisions of other Circuits. While Petitioner is correct that some Circuits have rejected the niche market theory, those decisions involved factual situations where the plaintiff and defendant were not operating in the same or similar market. On the other hand, no Circuit Court has rejected the niche market theory where the plaintiff and defendant competed in the same or similar market. Therefore, while there may at first

blush appear to be a conflict among the circuits, the perceived conflict evaporates upon closer review.

The most cogent, well-reasoned decision reconciling the apparent conflict among the circuits is the decision of the Seventh Circuit in *Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 192 F.3d 633 (7th Cir. 1999). Specifically, the court found:

> At an initial glance, there appears to be a wide variation of authority on this issue. Some cases apparently hold that fame in a niche market is insufficient for a federal dilution claim, while some hold that such fame is sufficient. However, a closer look indicates that the different lines of authority are addressing two different contexts. Cases holding that niche market fame is insufficient generally address the context in which the plaintiff and defendant are using the mark in separate markets. On the other hand, cases stating that niche-market renown is a factor indicating fame address a context like the one here, in which the plaintiff and defendant are using the mark in the same or related marks. The validity of this distinction is supported by the Restatement . . .

Id. at 640. Further, the Restatement (Third) of Unfair Competition provides:

> A mark that is highly distinctive only to a select class of group of purchasers may be protected from diluting uses directed at that particular class or group. For example, a mark may be highly distinctive among purchasers of a specific type of product. In such circumstances, protection against a dilution of the mark's distinctiveness is ordinarily appropriate only

> against uses specifically directed at that particular class of purchasers . . .

Restatement (Third) of Unfair Competition § 25 cmt. e. (1995 Main Vol.).

In support of its claim that some courts have rejected the niche-market theory, Petitioner cites to *I.P. Lund Trading ApS v. Kohler*, 163 F.3d 27 (1st Cir. 1998) and *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868 (9th Cir. 1999). As recognized by the reasoning in *Syndicate Sales*, those two decisions can be reconciled with, and do not conflict with, the decision of the Third Circuit in the present case.

In *I.P. Lund*, the First Circuit reversed the decision of the District Court granting a preliminary injunction enjoining Kohler Company from selling a faucet resembling Plaintiff's faucet. In reversing the District Court, the First Circuit determined the District Court erred in finding that Plaintiff's trade dress was "famous." A careful review of the Court's decision reveals that the First Circuit *never* rejected the niche-market theory. Rather, the First Circuit concluded, "[t]he record here reflects that there was not sufficient attention paid to the heightened fame standard the FTDA establishes." *Id.* The First Circuit found that Kohler had never used Plaintiff's product by name. *Id.* The First Circuit concluded, "[t]here is little to suggest that this product design, itself unregistered and not inherently distinctive, is so strong a mark and so well publicized and known that it has achieved the level of fame Congress intended under the Act." *Id.* Therefore, the First Circuit found that Lund's trade dress failed to meet a threshold standard of "fame" in the first instance (because it was merely an unregistered, not inherently

distinctive, product design). The court never specifically addressed niche market fame vs. general fame, because it found an absence of fame (at all) in the first instance.

Similarly, the decision in *Avery Dennison* does not create a split of authority among the Circuits. *Avery Dennison* was a claim by an office products manufacturer against a seller of vanity e-mail addresses. Avery Dennison claimed that Sumpton's use of the internet domain names <avery.net> and <Dennison.net> diluted the distinctive quality of Plaintiff's "Avery" and "Dennison" marks used on office products. The District Court granted Avery Dennison summary judgment on its FTDA claim. In reviewing the District Court's finding of fame, the Ninth Circuit applied the eight non-exclusive considerations for the famousness inquiry as set forth in Section 1125(c)(1) of the Act. Ultimately the Ninth Circuit found:

> The drafters of the Federal Trademark Dilution Act broke from the Trademark Review Commission's recommendation that only marks 'which have become famous throughout a substantial part of the United States' could qualify for protection. [citation omitted] Instead fame in a localized trading area may meet the threshold element under the Act if plaintiff's trading area includes the trading area of the defendant. [citations omitted] The rule is likewise for specialized market segments: specialized fame can be adequate only if the diluting uses are directed narrowly at the same market segment. [citation omitted]. No evidence on the record supports Avery Dennison's position on these two prongs of the famousness inquiry.

Id. Accordingly, the Ninth Circuit's decision in Avery Dennison turns on the sufficiency of the evidence. Like the decision in *I.P. Lund*, the Ninth Circuit found insufficient evidence of "fame," regardless of whether fame was analyzed on a niche market, or "general" fame, basis. Thus, despite Petitioner's argument, there is no conflict among the circuits. While other circuits have discussed the niche market theory, no other decision has rested upon a pure finding of niche market fame. Instead, both of the perceived conflicts Petitioner argues were decided on the basis of insufficient evidence of "fame", even in a niche market. The different results of the Court of Appeals' decisions do not suggest a conflict of interpretation of the law; they instead reinforce the view that the outcomes of FTDA cases are fact-sensitive and depend upon a careful assessment of the factual record.

The FTDA creates a federal cause of action protecting strong, well-recognized marks, even in the absence of a likelihood of confusion. As stated by the Third Circuit, "[t]he dilution doctrine is founded upon the premise that a gradual attenuation of the value of a famous trademark, resulting from another's unauthorized use, constitutes an invasion of the senior user's property rights in its mark and gives rise to an independent commercial tort for trademark dilution." One element of trademark dilution is the requirement that a mark be famous. The Act is clear that to meet the famousness requirement, the senior mark must be truly prominent and renowned. *Avery Dennison, supra.* However, nothing contained in the Act itself or the legislative history states that fame in a niche market is insufficient when the plaintiff and defendant operate in the same, or a closely related market. Accordingly, since

there is not a conflict among the Circuits, this question is not appropriate for review by the Supreme Court on that basis.

III. The Supreme Court Should Not Exercise its Discretion to Review this Case to Determine Whether the "Famous" and "Distinctive" Requirements of the FTDA are Separate Requirements, When the Discussion of that Issue by the Court of Appeals was Mere Dicta, Since it Affirmed Separate Findings of Fame and Distinctiveness.

Petitioner argues that this Court should grant certiorari to determine whether the "famous" and "distinctive" requirement of the FTDA are two separate requirements. While that is a novel, interesting issue, it played no role in the ultimate outcome of the Court of Appeals' decision. The Third Circuit's discussion was instead dicta, and this court should not exercise its discretion to review the merits of dicta.

The District Court addressed the "distinctive" requirement during its analysis of "fame." Specifically, the District Court found that Respondent was likely to prove that the mark, THE SPORTING NEWS, had acquired distinctiveness due to secondary meaning. The Third Circuit also specifically found that The Sporting News mark has acquired secondary meaning and thus is distinctive. Petitioner relies on the Third Circuit's statement that "we are not persuaded that a mark be subject to separate tests for fame and distinctiveness," to argue that the Third Circuit has found that the famous and distinctive requirements of the FTDA are synonymous. However, the above referenced statement of the Third Circuit

is merely dicta because the Court ultimately concludes the mark is distinctive. The Third Circuit specifically states,

> [i]n any event, we have already addressed in separate contexts the famousness and distinctiveness of "The Sporting News." *See supra* Part III.A. (fame in a niche market); *supra* Part III.B.I. (Distinctiveness acquired from secondary meaning). App. at 43a.

Id. Accordingly, while the Third Circuit engaged in a discussion of the competing views as to whether the FTDA requires separate tests for fame and distinctiveness, its discussion was ultimately and fundamentally dicta, since it found that Respondent satisfied both branches (if separate) in any event. Since the issue Petitioner seizes upon at this point of its argument played no role in the Third Circuit's ultimate outcome, certiorari should not be granted to review an issue which was dicta.

IV. The Supreme Court Should Not Exercise its Discretion to Review the Issue Whether the FTDA Requires Proof of Actual Dilution When this Issue Was Never Addressed by the Lower Court.

Petitioner finally argues the Court should grant certiorari to provide guidance to the Circuits as to whether the FTDA requires proof of actual, consummated harm (as compared to threatened dilution). This is an issue where there is an apparent conflict among the Circuits. The Fourth Circuit, *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 170 F.3d 449 (4th Cir. 1999), *cert. denied*, 120 S.Ct. 286 (1999),

and the Fifth Circuit, *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658 (5th Cir. 2000), both hold that the FTDA requires actual dilution (in the sense of economic harm to the famous mark's selling power). The Second Circuit, *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999) expressly disagrees with the Fourth Circuit's *Ringling Bros.* interpretation of the FTDA, characterizing it as, "excessive literalism to defeat the intent of the statute." While there in fact may be a genuine conflict among the circuits, the present case is not the vehicle which the Court should choose to resolve the conflict.

As noted above, the only proceeding in District Court has been a hearing on a Petition for Preliminary Injunction. At the preliminary injunction stage, the moving party need only provide a likelihood of success on the merits. *Pappan Enterprises, Inc. v. Hardees Food Systems, Inc.*, 143 F.3d 800 (3d Cir. 1998). The District Court found that Respondent was likely to succeed on the merits of its dilution claim, and the Third Circuit found no "obvious error". However, neither the District Court nor the Court of Appeals specifically addressed the "actual dilution" vs. "threatened dilution" issue. The District Court may have decided, and the Third Circuit may have affirmed, that actual dilution is required, and then determined that the Respondent is likely to prevail on that issue. On the other hand, the District Court may have (without discussion) adopted the threatened dilution standard, and found that the Respondent was likely to prevail on that basis. Petitioner reads more into the Third Circuit's decision than is merited; the Court of Appeals likewise never discussed the actual dilution vs. threatened dilution

debate.[1] Therefore, it is at best speculation to assume that the Third Circuit has come down on one side of the issue or the other, and that this case is therefore the appropriate vehicle for the Supreme Court to resolve the conflict of law. Further, a full fact record is yet to be made, and at trial Respondent may well satisfy the actual dilution standard which Petitioner urges the Court to adopt. As discussed more fully above, this Court generally does not, and should not, exercise its discretion to review cases where the record is too thin, the issues raised by the petition are abstract or hypothetical, and where the question framed on the Petition for Certiorari, is in fact not fully presented by the record. Petitioner's final issue (actual vs. threatened dilution) falls into those categories of questions not ordinarily reviewed by the Supreme Court, and the petition should therefore be denied.

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[1] The majority opinion of the Third Circuit found that the District Court did not err by determining that Petitioner would be irreparably harmed if the preliminary injunction did not issue. The majority did not expressly discuss whether the harm it was referring to was threatened dilution or actual, consummated dilution. Judge Barry, writing in dissent, concluded that the majority, by finding lack of error even in the absence of actual economic harm, impliedly sided with *Nabisco* on this topic and rejected the Fourth Circuit's position in *Ringling Bros.* Judge Barry agreed with the *Nabisco* reasoning and with what she characterized as the majority's apparent rejection of *Ringling Bros.* However, the majority never did expressly discuss the threatened vs. actual dilution debate and the majority's position can be discerned, if at all, only by implication, not by reasoned discussion of the *Nabisco/Ringling Bros.* split of authority.

CONCLUSION

The petition for writ of certiorari should be denied.

Respectfully submitted,

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No. 00-470

IN THE
Supreme Court of the United States

LAS VEGAS SPORTS NEWS, L.L.C.,
d/b/a LAS VEGAS SPORTING NEWS,
Petitioner,

v.

TIMES MIRROR MAGAZINES, INC.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Third Circuit

REPLY BRIEF IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI

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INTRODUCTION

There is substantial, growing confusion and irreconcilable conflict among the Courts of Appeals on the three issues presented in the Petition. Indeed, courts have already cited the Third Circuit opinion in this case on all three issues. *See Eli Lilly & Co. v. Natural Answers, Inc.*, 2000 WL 1735075, at *9 (7th Cir. Nov. 21, 2000) (lack of actual economic harm requirement); *Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 2000 WL 1428665, at *11 (S.D. Ind. Aug. 30, 2000) ("no standard for fame separate from that of distinctiveness"); *Simon Property Group, L.P. v. mySimon, Inc.*, 2000 WL 1206575, at *7 (S.D. Ind. Aug. 3, 2000) (niche market fame standard).[1]

The questions presented are important, concrete and fundamental to the conduct of this litigation and many other FTDA cases. This Court's guidance is sorely needed.

ARGUMENT

A. *Syndicate Sales* Does Not Resolve the Confusion Among the Circuits on Niche Market Fame.

Respondent erroneously contends that *Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 192 F.3d 633 (7th Cir. 1999), reconciles "the apparent conflict among the circuits" on niche

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[1] Commentators have also cited the Third Circuit decision on the issues presented in the Petition, e.g., Shields, What Constitutes "Famous Mark" for Purposes of Federal Trademark Dilution Act, 15 U.S.C. § 1125(c), Which Provides Remedies for Dilution of Famous Marks, 165 A.L.R. Fed. 625 (2000) (citing Third Circuit's niche market fame standard); Edelman, Trademark Law Developments, 624 PLI/Pat 105, 125-126 (2000) (stating that majority in this case rejected requirement of separate test for distinctiveness); Kirkpatrick, Exhibits to 1999-2000 Federal Appellate Trademark Decisions, 617 PLI/Pat 25, 76 (2000) (citing Third Circuit decision that there is no separate statutory requirement for distinctiveness).

market fame. (Opp. at 11.) *Syndicate Sales* does not resolve the confusion, which has only deepened since the Seventh Circuit ruled in that case.

Times Mirror reads *Syndicate Sales* to say that the circuit courts have rejected the niche market theory of fame only where the parties were not operating in the same or similar markets, whereas "no Circuit Court has rejected the niche market theory where the plaintiff and defendant competed in the same or similar market." (Opp. at 10.) However, the decision in *I.P. Lund v. Kohler*, 163 F.3d 27 (1st Cir. 1998), belies Respondent's hypothesis. There, the First Circuit rejected a niche market standard even though the parties were operating in the very same market. In addition, *Avery Dennison v. Sumpton*, 189 F.3d 868, 876 (9th Cir. 1999), is inconsistent with *I.P. Lund* and the instant case.

In *I.P. Lund*, the maker of VOLA, a high-end bathroom faucet, brought a trade dress dilution claim to enjoin a direct competitor from selling a similarly designed faucet. 163 F.3d at 47. The district court found that "in its market, the VOLA's design is famous and distinctive" because "the VOLA mark is strong, and has acquired secondary meaning in its market; and it has been used for some twenty years in this county." *Id.* (quotation omitted). The First Circuit reversed, finding that the plaintiff had not met the rigorous standard of fame required for dilution:

> Although the district court found that "in the world of interior design and high-end bathroom fixtures, the VOLA is renowned," and that the faucet has been featured and advertised in national magazines and displayed in museums . . . [i]n light of the rigorous standard for fame, we find [plaintiff] has not met its burden[.]

Id. (internal quotation omitted). This decision has been cited for the proposition that "[m]uch of the relevant case law

indicates that marks famous only in a specialized market, rather than well-known to the general public, should not be considered 'famous' under the federal dilution statute." *Washington Speakers Bureau, Inc. v. Leading Authorities, Inc.*, 33 F. Supp. 2d 488, 503 and n.31 (E.D. Va. 1999) (citing *I.P. Lund* and other cases) *aff'd*, 217 F.3d 843 (4th Cir. 2000).

As the court stated in *Simon Property Group*, "courts are divided on the issue" of niche fame, and "[t]he niche market theory has met with some compelling criticism." 2000 WL 1206575, at *7 n.3 (citing Judge Barry's dissent in this case).

The *Syndicate Sales* opinion does not attempt to reconcile *Avery* with the other circuit court holdings on niche fame, nor could it. The court in *Avery* held that fame in a specialized market "can be adequate if the diluting uses are directed narrowly at the same market segment." 189 F.3d at 878. In contrast, the Third Circuit in this case issued the much broader holding that a "mark can be famous in a niche market where . . . defendant operate[s] within or alongside [plaintiff's] market[.]" App. at 12a.

Moreover, *Avery* allows niche market fame to suffice for the fame requirement of the FTDA only in a "specialized market." 189 F.3d at 876. As Judge Barry stated in her dissent, the only conceivable place for a niche market theory under the FTDA is for specialized, industrial markets, not for periodicals or other goods sold to the general public. App. at 31a n.3.

B. The Third Circuit's Holding on Distinctiveness is Not Dicta.

Respondent concedes that a conflict exists among the circuits on the "interesting question" whether distinctiveness —separate and apart from fame—is an essential element of an FTDA claim. (Opp. at 15.) However, Respondent incorrectly argues that the Third Circuit's discussion of this issue is dicta.

The Third Circuit's ruling on this question is not dicta. In fact, it has already been cited by another court and several commentators for that holding. *Syndicate Sales, Inc. v. Hampshire Paper Corporation*, 2000 WL 1428665, at * 11 (S.D. Ind. 2000) (on remand); Edelman, *Trademark Law Developments*, 624 PLI/Pat 105, 125-126 (2000); Kirkpatrick, *Exhibits to 1999-2000 Federal Appellate Trademark Decisions*, 617 PLI/Pat 25, 76 (2000).

Respondent characterizes the ruling below as "dicta" on the ground that the Third Circuit actually made separate findings on the issues of fame and distinctiveness. However, the Third Circuit's finding of distinctiveness is entirely dependent upon its ruling that distinctiveness is not a separate, essential element of an FTDA claim, but rather can simply be inferred from fame. Without that ruling, Respondent would not and could not have prevailed on the distinctiveness finding, and its entire FTDA claim necessarily would have been defeated. Specifically, the Third Circuit would not have been able to infer distinctiveness from the secondary meaning component of its fame analysis.

Rather than insisting upon *inherent* distinctiveness, the Third Circuit allows *acquired* distinctiveness, *i.e.*, secondary meaning, to suffice for the FTDA (Opp. at 15). The decision below is, therefore, irreconcilable with the holdings of the Second and Eighth Circuits that, to be distinctive for purposes of the FTDA, marks must be inherently distinctive rather than distinctive by virtue of acquired, secondary meaning. *Nabisco Inc. v. PF Brands, Inc.* 191 F.3d. 208, 216 (2d Cir. 1999); *Viacom Inc. v. Ingram Enterprises, Inc.*, 141 F.3d 886, 892 (8th Cir. 1998). Descriptive marks or marks of the common, quality-claiming, or prominence-claiming type (*e.g.*, American Airlines, as the Second Circuit notes) simply do not have the degree of distinctiveness required to exclude all other uses. *See Nabisco*, 191 F.3d at 227-28; *see also Viacom*, 141 F.3d at 892 (FTDA does not protect marks

which, albeit famous, are comprised of common words with multiple meanings).

C. The Third Circuit Did Address the Issue of Actual Dilution and Created a Conflict with the Fourth and Fifth Circuits.

Respondent concedes that "there in fact may be a genuine conflict among the circuits" on the issue of whether the FTDA requires proof of actual, consummated harm. (Opp. at 16.) Respondent erroneously claims, however, that the Third Circuit did not address the "actual dilution" issue.

In fact, the court below unequivocally advanced a "likelihood of dilution" standard: "To prove dilution by blurring, the owner of a famous mark must prove that the *capacity* of its mark to continue to be strong and famous would be *endangered* by the defendant's use of its mark." App. at 18a (emphasis added). Accordingly, the Third Circuit in the instant case affirmed the district court's dilution ruling even in the undisputed absence of *any* evidence of actual dilution. The Seventh Circuit subsequently noted the Third Circuit's "implicit holding" in this case that actual economic harm need not be proven under the FTDA. *Eli Lilly & Co. v. Natural Answers, Inc.*, 2000 WL 1735075, at *9 (7th Cir. Nov. 21, 2000).

With *Eli Lilly*, the Seventh Circuit has deepened the conflict among the Circuits. Now the Second, Third, and Seventh Circuits stand directly in conflict with the Fourth and Fifth Circuits on this issue. *See Eli Lilly*, 2000 WL 1735075, at *10 (adopting likelihood of dilution standard).

D. This Court's Review Would Not Be Abstract, Hypothetical or Premature.

There is nothing abstract, hypothetical, or contingent about the instant petition. Petitioner seeks review of three precise, concrete, and specific holdings. The holdings have not only dictated the Third Circuit's judgment to date, but are fundamental to, and will control, the further conduct of this case. Moreover, other courts have followed, and more undoubtedly will follow, these decisions. Respondent's position is based merely on bare assertions and unfounded hypotheticals.

Nearly all the cases cited by Respondent on this issue involve a declaratory judgment action or an anticipatory challenge to the constitutionality of a state or federal law. As this Court stated in the cases cited by Respondent, such actions implicate specific policies mitigating against review, such as not allowing the Declaratory Judgment Act to swallow the case and controversy requirement of Article III, and avoiding constitutional questions if possible. The cited cases explicitly turned on these policies, neither of which is implicated here.

The few remaining cases cited by Respondent are similarly inapplicable and irrelevant. At best, *Phillips v. Martin Marietta*, 400 U.S. 542 (1971) and *Wainwright v. New Orleans*, 392 U.S. 598 (1968), say that this Court will not adjudicate issues when facts needed to do so are lacking. In these cases, the legal conclusion hinged on the application of the law to undeveloped facts, for example, whether there was adequate suspicion for an arrest, whether an arrestee responded with a reasonable degree of force, or whether there was a bona fide business reason for a particular policy. In contrast, the questions presented in this Petition are pure questions of law: What is the proper legal standard as to fame, distinctiveness, and actual dilution/likelihood of dilution? These questions do not turn on any underlying

facts, and no further factual development will clarify or add to the analysis.

This Court can review non-final orders, and in the past it has chosen to exercise this discretion on the basis of many factors present here, *e.g.*, when the petition presents an important, clear-cut issue of law which is fundamental to the further conduct of the case, not likely to be clarified by a further factual record, and upon which the circuit courts disagree. *See, e.g., Citicorp Industrial Credit, Inc., v. Brock*, 483 U.S. 27, 30-32 (1987) (reviewing affirmance of preliminary injunction order to resolve conflict among the circuits on legal issue); *INS v. Cardoza-Fonseca*, 480 U.S. 421, 425-426 (1987) (reviewing appeal prior to remand in order to resolve conflict over proper legal standard); *United States v. General Motors*, 323 U.S. 373, 377 (1945) (reviewing non-final order where questions presented were fundamental to the further conduct of the case); *cf. Frisby v. Schultz*, 487 U.S. 474, 478-479 (1988) (reviewing affirmance of preliminary injunction order because, *inter alia*, question was of substantial importance and further proceedings below would not aid consideration).

Moreover, Respondent has presented nothing more than a vague specter of what might develop during further proceedings. There is no reason to believe that the scenarios it has conjured up are even remotely likely. No facts that might develop at a trial on the merits will undermine or change the legal standards challenged herein, and none will clarify the legal issues presented.

Specifically, there is no reason to believe that Respondent will establish fame among the general public, distinctiveness of its mark as defined by the Second Circuit, or actual dilution. Even more significantly, the Third Circuit's rulings that these elements are unnecessary to an FTDA claim are now the law of the case. Therefore, contrary to it's bald

conjectures, Respondent has no incentive to prove them at trial, even if it could do so.[2]

CONCLUSION

The petition seeks review of clear-cut issues of law that are fundamental to the further conduct of the case. It invokes important issues concerning the meaning of a federal statute as to which there is significant confusion and conflict within the Circuits. Only this Court can resolve the conflicts and confusion. The questions presented are ripe for resolution. The petition for a writ of certiorari therefore should be granted.

Respectfully submitted,

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[2] Respondent also claims that several of the issues presented were not litigated in the district court. However, all the issues *were* litigated there and, in any event, were litigated in the Third Circuit. Respondent has not cited any cases supporting its view that this Court should not review the decision in these circumstances. On the contrary, the Court has accepted cases for review where the issues had been litigated only in the circuit court and not in the district court. *Youakim v. Miller*, 425 U.S. 231 (1976).